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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1986

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

NINETY-NINTH CONGRESS

FIRST SESSION

ON

S. 674

TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEAR 1986 FOR THE ARMED FORCES FOR PROCUREMENT, FOR RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, FOR OPERATION AND MAINTENANCE, AND FOR WORKING CAPITAL FUNDS, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL YEAR FOR THE ARMED FORCES, AND FOR OTHER PURPOSES.

PART 6
PREPAREDNESS

FEBRUARY 21; MARCH 7, 14, 21, 1985

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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, FEBRUARY 21, 1985

U.S. SENATE,
SUBCOMMITTEE ON PREPAREDNESS,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

READINESS OPERATION, AND MAINTENANCE

The subcommittee met in open session, pursuant to notice, at 2 p.m., in room SR-222, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey and Dixon.

Staff present: Ronald P. Kelly, John J. Hamre, David S. Lyles; professional staff members, Patricia L. Watson, research assistant; and Lisa M. Tietge, staff assistant.

Also present: Bernard R. Toon, assistant to Senator Quayle; Allan Cameron, assistant to Senator Denton; Charles C. Smith, assistant to Senator Dixon; and Phillip P. Upschulte, assistant to Senator Glenn.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator HUMPHREY. The subcommittee meets this afternoon to receive testimony on the readiness-related policies and O&M budget requests of the Department of Defense.

We are pleased to have as our witness Dr. Lawrence Korb, the Assistant Secretary of Defense for Manpower, Installations, and Logistics.

Senator Dixon, do you have an opening statement?

Senator DIXON. Mr. Chairman, I do have a brief opening statement. But in the interest of proceeding with Mr. Korb, if it is all right with you, I will just insert it into the record to save a little time.

Senator HUMPHREY. Fine.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT OF SENATOR ALAN DIXON

Mr. Chairman, I join you in welcoming Dr. Korb to the subcommittee this morning.

Although I have been on the Preparedness Subcommittee since I joined the Armed Services Committee a year ago, I am new to the responsibilities of ranking minority member of this subcommittee. I am very conscious of the reputation as a strong advocate for readiness and sustainability programs that this subcommittee has earned under the leadership of Senator Humphrey and Senator Levin. Mr. Chairman, I look forward to working with you during this Congress to continue this tradition of advocacy for these important programs.

Apparently, the beginning of my responsibilities as ranking minority member on this subcommittee coincide with the end of Dr. Korb's responsibilities in the areas of material readiness and logistics. I will have some questions for Dr. Korb later on about the recent reorganization of responsibilities within the Office of the Secretary of Defense. At this point I just want to say that I have found few people in the Defense Department more knowledgeable on material readiness and logistics issues than Dr. Korb. He has been an effective and credible spokeman for these areas of the defense budget for the last four years.

Mr. Chairman, I will have questions for the witnesses after their opening statements.

Senator HUMPHREY. Mr. Secretary, welcome.

STATEMENT OF HON. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE (MANPOWER, INSTALLATIONS AND LOGISTICS)

Mr. KORB. Thank you very much, Mr. Chairman. It is a pleasure to be here.

I have a long statement which I would like to submit for the record.

Senator HUMPHREY. Fine, and thank you for getting that to us well ahead of time. I appreciate that.

Dr. KORB. Thank you, sir.

I appreciate this opportunity to address the committee on the current status and prospects for the preparedness of our Armed Forces.

As you may know, this will be my last time to address this committee as the Department's readiness spokesman. Under the reorganization plan that was sent to Congress on the 12th of February, there will no longer be a single spokesman or advocate for readiness. Rather, responsibility for that function will be divided between two assistant secretaries and will be integrated by the Secretary of Defense himself.

Since taking this position 4 years ago, I have had two goals, and I believe that they are shared by this committee. The first is that our forces are sufficiently prepared to serve both as an effective deterrent and, if necessary, as a superior fighting force. Second, is that we are allocating our defense resources and managing our programs in the most efficient and effective manner.

As to the first concern, let me state unequivocally that we are more ready, more sustainable and, in fact, more capable today than we have ever been. Last year before this committee I reviewed the serious readiness deficiencies which existed in our Armed Forces only a few years ago. We have, with your support, and I do deeply appreciate it, largely eliminated these.

Despite the occasional criticism of our readiness programs, it is clear that our equipment is more operationally available, we have more and better people to operate it, and they are better trained, individually and collectively.

I have submitted, for the record, a detailed description of the improvements we have made in the readiness and sustainability of our forces, improvements which are at the core of Secretary Weinberger's appraisal in his annual report to you, that, and I quote, "With regard to readiness, we are confident that we have achieved the level necessary to deter aggression today and, if necessary, to react effectively."

I believe that part of the readiness problem that arose last year resulted from a misuse of the UNITREP system.

As you know, this system was designed by the JCS to measure the condition of the force against a set of specific and, oftentimes, changing criteria. It is not designed to measure trends over time. Because of the confusion that arose last year, Secretary Weinberger has directed me to develop a common-sense readiness system that will allow the Congress and the American people to assess the current condition of the Armed Forces. I expect this system to be operational in the near future.

I want to focus on the second issue, the efficient allocation of resources and program management, because I sense this is an issue of increasing concern.

READINESS INVESTMENT

The first question we must consider is whether we have received the most for our increased investment in readiness. I believe we have.

Our investment in readiness is larger than 5 years ago. Our fiscal 1986 request for the direct materiel readiness accounts—depot maintenance, spares, alterations and modifications—is nearly 40 percent larger in real terms than in 1981, as is our request for funding for operations—including flying hours, steaming hours, and battalion training days.

On the personnel side of readiness, our request for fiscal year 1986 is 17 percent higher in real terms than in 1981.

Taken together, these primary readiness accounts—for equipment support, training, and personnel, will account for about 40 percent of the DOD budget in fiscal 1986.

The increased investments in the readiness accounts have allowed us to make significant progress.

Although some will point out that the readiness areas have not increased as a percentage of the total budget, representing a relatively constant 40 percent of the total, I believe this is irrelevant. The fact of the matter is that these areas are going up as much as is necessary to give us a balanced ready posture.

Our goal has been to target funding to correct specific readiness deficiencies.

PERSONNEL

For example, there is personnel. Quality recruitment and retention were our disaster areas in fiscal 1980. Our solution included pay raises—of 11.7 percent, 14.3 percent, and smaller, but steady, increases in the last 3 years; enlistment bonuses—$138 million in 1984, triple the amount of 1980; and reenlistment bonuses, now double the fiscal 1980 level.

The result has been dramatic: our enlistment goals are being achieved with the best quality recruits ever and the highest retention in history.

I might add that our personnel readiness could be even better if the Congress had not cut our active duty manpower requests so drastically during the past 2 years.

EQUIPMENT SUPPORT

In the area of equipment support, we have targeted large real increases to the support of our combat equipment—aircraft, ships, and tanks. In fiscal 1984, we spent 25 percent more in real terms for depot maintenance and spares than we did in 1981. And we have seen a commensurate increase in the operability of our equipment. Navy aircraft mission capable rates are up from 59 to 70 percent; Air Force tactical aircraft mission capable rates are up from 65 to 72 percent; and the Army and Marine Corps ground equipment are at or exceeding their full mission capable goals.

This equipment improvement comes at a time when we not only have more of it to maintain, but use it much more.

TRAINING

This brings us to the next area of major improvement and that is training.

We also have provided for better manned, better equipped combat forces with additional and more realistic opportunities for training.

Commensurate with our need to maintain highly proficient air crews, the Air Force now gives each of its tactical air crews almost 20 hours of flying time per month, up from 16 hours in 1980, while the Navy provides almost 24 hours of monthly flying time to its combat pilots.

The Army has increased its rotations to the National Training Center from 16 battalions in 1982 to 24 this year, providing more ground combat units an opportunity to participate in realistic training. Navy ships are maintaining a higher tempo of operations, steaming an average of almost 35 days per quarter last year, up from 32 in fiscal 1980.

The bottom line is that we have been careful to target funding to those areas which most required it. We are getting more for our dollar as we are more efficient today.

Let me give you two examples.

From 1981 to 1984, we needed large growth in our repair parts investments to reconstitute our inventories to the levels necessary to support adequately our peacetime operations. We have reached those levels.

In fiscal 1984, last year, and again in our fiscal 1986 request, total peacetime spares funding has remained level. Despite a slightly larger force and tempo of operation, we essentially are funding fully our peacetime spares procurement requirements with a constant level of resources.

My conclusion: we are getting more efficient in both spares procurement and repair parts management.

DEPOT MAINTENANCE

Let us consider depot maintenance: our programs for ship, aircraft, and vehicle overhaul, modification installation, and repair of spares.

Last year, for the first time in many years, we funded over 95 percent of the total depot maintenance requirements. We will again fund more than 95 percent in 1986, but at a slightly reduced real funding level from 1985. This means we are buying more readiness with less resources, or, to put it another way, we are gaining in efficiency.

Let me now turn to a second question.

OPERATION AND MAINTENANCE (O&M)

Since we have achieved such substantial readiness improvements and are getting more efficient in maintaining our readiness posture, can we not relax our efforts and funding, particularly in the operations and maintenance accounts?

The answer is definitely no.

This year we are requesting a little more than $4 billion and more than we received last year in our collective O&M accounts. This represents a real program growth of about 3 percent. The specific program increases are summarized in my statement for the record. If you look carefully at this list, you will see that we are following our successful approach of the last 4 years—general increases commensurate with our gain in force structure, and specific resources targeted to remaining problem areas, such as the continued increasing of the Army's flying hour program.

We have evaluated carefully our programs and I think our budget request reflects the best balance between readiness, sustainability, force structure, and modernization—a balance that will provide us with the best overall defense capability.

In summary, we are readier and more capable today than at any time in the past. Our forces today are both an effective deterrent and a capable fighting force. We have made great strides both in correcting readiness deficiencies and improving the efficiency of our programs.

Our request for this year represents a minimal but necessary increase to continue our efforts. Whatever the level of resources the Congress provides for defense, this area must remain whole.

Let us not repeat the mistakes of previous years when we allowed the readiness accounts to suffer because they have no constituency or because they are quick spending.

In closing, let me thank you, Mr. Chairman and members of the committee, for the courtesies and support you have given me over the past 4 years. I know that you will continue to provide that support under our new organizational arrangements.

Thank you.

[The prepared statement of Dr. Korb follows:]

STATEMENT OF
THE HONORABLE LAWRENCE J. KORB
ASSISTANT SECRETARY OF DEFENSE
(MANPOWER, INSTALLATIONS & LOGISTICS)
BEFORE THE
SENATE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON PREPAREDNESS

(U) INTRODUCTION

(U) Mr. Chairman, members of the Committee, I am pleased to be here today to discuss with you the vitally important subjects of force readiness and sustainability.

(U) FIGURE 1

READINESS AND SUSTAINABILITY OF U.S. FORCES

I. BASIC CONCEPTS AND DEFINITIONS
  A. MILITARY CAPABILITY
  B. READINESS
  C. SUSTAINABILITY

II. OVERVIEW OF FUNDING FOR READINESS AND SUSTAINABILITY
  A. KEY BUDGET ACCOUNTS
  B. FUNDING TRENDS

III. READINESS AND SUSTAINABILITY TRENDS
  A. MATERIEL
  B. PERSONNEL
  C. TRAINING

(U) My presentation will follow the sequence outlined in Figure 1. Since Defense readiness and sustainability are so complex, so poorly understood, and the topics of so much discussion right now, I thought it might be useful to begin with a "top down" discussion of the subject in layman's language. I'll lay out some basic definitions and give an overview of our budget requests for FY 86 and an assessment of where we've been and where we're going.

(U) CONCEPTS AND DEFINITIONS

(U) First, I want to devote a few minutes to some basic concepts and definitions. As to definitions: One of our longstanding problems in discussing defense readiness has been that "readiness" means many things to many people. Often private citizens, members of the Congress, and some senior Defense officials -- both military and civilian -- have used the term "readiness" to refer to our overall defense capabilities. Several years ago, in an attempt to define our terms precisely enough that we could measure them and begin to understand how changes in resource levels influence different aspects of our overall defense capabilities, we devised and officially issued some standard basic definitions. Essentially, we now say that overall military capability is a function of four attributes:

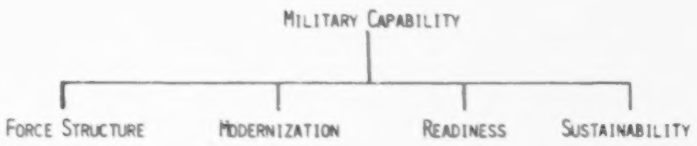
- Force Structure: The numbers, size, and composition of the units that comprise our defense forces, e.g., divisions, ships, air wings.

- Modernization: The technical sophistication of all the elements of the force.

- Readiness: The collective ability of the elements of the force to deliver the outputs for which they were designed.

- Sustainability: The "staying power" of the force during combat operations, often measured in numbers of days.

(U) FIGURE 2



(U) Thus, "readiness" as we define it, measure it, and report on it within the Department is a much narrower concept than the size of the force or the rate at which we modernize it. Those who make such pronouncements as "you've got to modernize to be ready" merely confuse an already complicated issue. We most often use the term "force readiness" or "readiness" to mean a measure of the pre-D-day status of the force with respect to its wartime requirements for operationally available materiel, and appropriately trained manpower; "sustainability" measures post-D-day staying power.

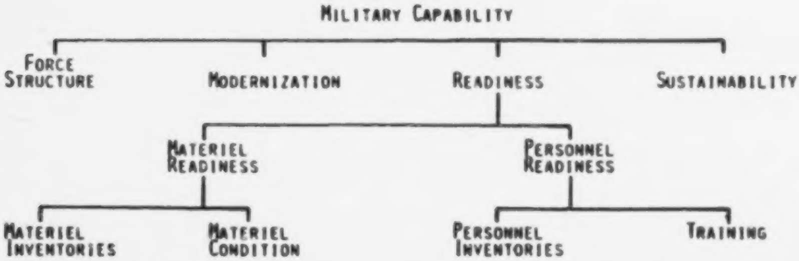
(U) "Force readiness" is therefore only one of the key components of the broader concept of "military capability." It should be noted that it is possible for a force to be 100 percent ready -- all equipment operational, all personnel trained -- and still not have adequate military capability because of a deficiency in one of the other components that determine that capability, e.g., force structure. On the other hand, it is possible for a force to perform adequately in combat even though it is less than 100 percent ready. Unless we keep this distinction in mind, we can very easily confuse modernization -- a component of military capability -- with readiness. I emphasize this now because it will come up again when I talk about readiness trends later in my presentation.

(U) There are generally three ways of assessing military capability and its four components:

- a scenario-dependent approach that uses a two-sided combat simulation to assess "end-product" U.S. warfighting capability -- i.e., a dynamic net assessment of how well the forces could be expected to perform in combat against a specific enemy force;
- a scenario-independent approach that combines static measures, against specific standards, of each of the four components of military capability into an overall assessment; and
- the assessment of the commanders in the field, drawing in part or wholly from the above two methods.

While the dynamic scenario approach is theoretically more attractive to the extent that it could quantify the many factors on both sides that would impact net assessments, many highly complex models and assumptions are involved. The latter approach, the judgment and opinions of our commanders, is central to and therefore part of any assessment process. Thus in my testimony, I will use the static, scenario-independent approach tempered by sound military judgment. DoD does not have the capability to synthesize into a single index the improvements in all the individual components of military capability. Experience tells us that, even if we could do this, it would certainly hide many important aspects of the situation and would not give a full and accurate picture. Accordingly we disect readiness and sustainability into more fundamental pieces.

(U) FIGURE 3



(U) As shown in Figure 3, readiness has both materiel and personnel dimensions. These areas are monitored and measured in both direct and indirect ways, depending on the particular situation under consideration. No one measure is suitable for all occasions. Indicators must be examined in a complementary fashion.

(U) For materiel readiness we have the following subdivisions:

(1) Inventories of equipment and supplies on-hand may be measured in absolute terms or relative to the wartime requirement. Sometimes we look at just major end items. Other times we consider all critical equipment. Under different circumstances we may examine equipment fill for forward-deployed or early deploying units.

(2) The condition of this hardware is most often measured by the mission capable (MC) rate -- the average percentage of time a weapon system or equipment (or a collection of them) is able to perform the function for which it was designed, procured or modified. There are many other measures that give additional insight in this area. For example, we would expect mission capable rates to improve as we (1) reduce maintenance backlogs; (2) reduce supply backorders; and (3) increase supply fill rates. Also, a healthy supply system, with adequate spares, is reflected in reduced cannibalizations and fewer withdrawals from war reserves.

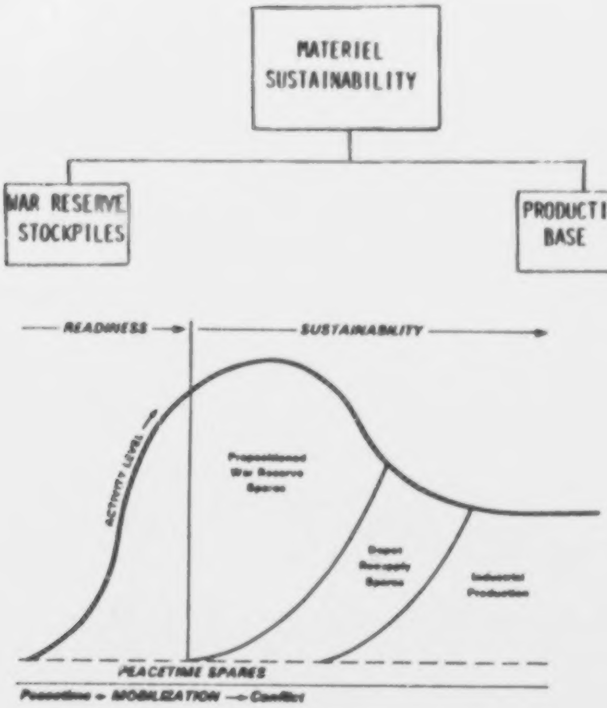
(U) There are two corresponding measurement areas in personnel readiness:

(1) Inventories of personnel on-hand are measured relative to the wartime requirement (programmed structure) and relative to those billets that the Services plan to fill (programmed manning). Complementary to this is the "condition" of these people as individuals. We therefore also consider experience, enlistment and reenlistment rates, recruit quality, and the extent to which we fill positions with personnel with the required skill. The net effect of retention and attrition is measured by force stability -- the percentage of people who remain in the same unis over a period of time.

(2) Collective unit training measures the status of the training for these personnel for the function they must perform in wartime. Measurement here is somewhat more subjective than the other readiness areas. We expect training imporvements with increased training exercises and increases in flying hours, steaming days, and battalion training days.

(U) Later on in my statement I will report on the readiness status in each of these areas, but first I would like to conclude my discussion on basic concepts and definitions with a brief description of the critical components of sustainability -- the staying power of the force in combat. To sustain our forces we must plan in peacetime to replace those resources that will be consumed or suffer attrition during combat. These post-D-Day supplies come from either war reserve stockpiles or the mobilization production base. As in Figure 4, ideally, we should have sufficient stocks available and properly positioned at D-Day to meet combat consumption demands until the production base (and transportation pipeline) can be expanded to meet the demand.

(U) FIGURE 4


MATERIEL SUSTAINABILITY
WAR RESERVE STOCKPILES
PRODUCTION BASE
READINESS
SUSTAINABILITY
ACTIVITY LEVEL
Prepositioned War Reserve Spares
Depot Resupply Spares
Industrial Production
PEACETIME SPARES
Peacetime → MOBILIZATION → Conflict

(U) Since production leadtimes for consumables (munitions and spares) and major items of equipment are long (two years or more for most items), the major emphasis of our program is on building our war reserve stocks. Our current investments in the production base are generally those needed to produce our materiel needs more efficiently or more economically during peacetime and to give us a surge capability for a crisis. Figure 4 illustrates how the pieces must fit together.

(U) The primary components of manpower sustainability, analogous to war reserve materiel and the production base, are a pool of trained manpower to serve as replacements and unit fillers and a training base to process volunteers or conscripts in time of war. Those components must be balanced in a manner comparable to the materiel components.

(U) RELATIONSHIP TO BUDGET ACCOUNTS

(U) Occasionally, we find some people who believe that all O&M funding and only O&M funding has a direct impact on readiness. This is a serious misconception. Budget accounts that have a major impact on readiness are: (1) operations and maintenance, (2) procurement, (3) military personnel, and (4) stock fund. In addition, although I have not included it here, some projects in the Military Construction account can have a significant direct or indirect impact on readiness or other attributes of Defense Combat capability. Of course, the procurement accounts and the stock funds have a major impact on sustainability.

(U) FIGURE 5

KEY BUDGET ACCOUNTS AFFECTING READINESS AND SUSTAINABILITY

Procurement

- Spare Parts
- Support Equipment
- Modification Kits
- Major Equipment Items
- Munitions

Military

- Pay
- Bonuses
- Incentives

Operations and Maintenance

- Depot Repairs
- Installation of Mods/Alts
- Force Operations
  - Flying Hours
  - Steaming Days
  - Battalion Training Days

Stock Fund

- Peacetime Augmentation
- War Reserve Materiel

(U) Purchases made through the procurement accounts enhance readiness because they buy:

- some (but not all) of the spare parts needed to replace those parts that fail in our weapon systems and equipment, thereby keeping them operational;

- support equipment for calibration and repair of our defense hardware;

- modification kits to improve the reliability and maintainability (R&M) of our hardware (some R&M modifications buy "readiness;" other modifications buy "modernization;" some modifications buy both);

- equipment items (e.g., tanks, howitzers, trucks) to fill shortages in existing force structure.

(U) In the same way, purchases made through the procurement accounts enhance sustainability. All munitions and some war reserve secondary items are purchased. War reserve end items that replace attrition losses are also funded in the procurement accounts.

(U) These procurement accounts are very important to readiness and sustainability, but there is a significant lag time between appropriation of procurement funds and the impact. Typically, it takes two years or more between the appropriation of dollars and the delivery of the things bought with these dollars to the field. We are now just beginning to accept deliveries of items procured with FY 83 funds. The full impact of these procurements will not be fully felt until late this year.

(U) Military pay, bonuses, and other incentives help us recruit and retain the numbers and types of people we need in our armed services. Because the Congress has been supportive of most of our initiatives in these areas over the past few years, our personnel readiness has increased dramatically.

(U) The normal Stock Fund procurements (i.e., those beyond the Navy's experimental financing of reparable spares in the stock fund) pay for the readiness critical consumable spare parts, bits and pieces. Although most consumable items have relatively low unit costs, a shortfall of these items can cause weapon system downtime just as can a shortage of an expensive spare part purchased through the procurement account. Periodically we must request additional Stock Fund budget authority to provide support for new weapon systems and to fund specific readiness and sustainability initiatives.

(U) I saved the O&M appropriation for last because it generally influences readiness more quickly and efficiently than does the procurement account. It produces quicker results because O&M funds finance depot repairs, installation of modifications, force operations, and training beginning within six months of their being appropriated. It is more efficient because repairing an item usually costs only about 15-20% of the cost to buy a new item. This difference in lag times and efficiency is the basis of our general policy that repairing an item takes priority over procuring an item of the same type.

(U) However, the fact that O&M funds spend out quickly and influence readiness quickly is a mixed blessing, because these funds are often the first to be trimmed in the budget process when near-term savings are needed. I know that the Preparedness Subcommittee understands this, but I fear that many of your colleagues do not. Sometimes cuts to the overall O&M account are made with the idea that only non-readiness-related funding will be affected. In fact, much of the O&M account that is not directly related to readiness is "fixed" and cannot readily be reduced -- e.g., base operations expenses such as utilities, food and maintenance services, and security. Thus, even general cuts to the O&M account can, and often do, end up degrading readiness.

(U) Before I leave the O&M area, I want to show you, in some detail, where the major differences are between FY 85 and FY 86 because it is so important to minimize general O&M cuts. The FY 86 request for O&M is $82.4 billion, an increase of $4.2 billion over the FY 85 estimate of $78.2 billion. The $4.2 billion increase includes $1.3 billion in price growth and $2.9 billion in program growth. This increase will provide for an overall real growth of 3.7 percent.

(U) Of the $2.9 billion program growth in the O&M account between FY 85 and FY 86, $.5 billion does not represent an increase in the total budget, but instead reflects a transfer of funds from other appropriations into O&M as the result of redefinition of the criteria for determining whether equipment should be funded with procurement or operation and maintenance funds. If growth resulting from the revised criteria is excluded, real program growth in the O&M account totals $2.4 billion. This $2.4 billion can be identified to the following increases (underlined):

- Additional mission operating funds are required for Army and Marine Corps fielding and sustaining of new and modernized equipment entering the active force inventory in FY 85 and FY 86. Among the new Army equipment requiring support are the Black Hawk and Apache helicopters, the Bradley Fighting Vehicle, and the M-1/M-1A tank. Taken together, Army and Marine Corps force modernization requirments have resulted in an increase of $.4 billion. Similarly, Navy emphasis on ships modernization has resulted in an increase of $.2 billion between FY 85 and FY 86.

- Initiatives to improve combat readiness of the Reserve forces have resulted in an increase of $.4 billion. As a result of these initiatives, increased inventories of C-5, C-141, KC-10 and F/A-18 aircraft are available for use by the reserves, increasing reserve requirements for O&M support for the flying hour program. FY 86 funds have also been programmed for increased ship maintenance and modernization and for depot maintenance support as well as for purchase of Army combat-essential spare parts and organizational clothing and equipment.

- The Army, Navy, and Air Force have all programmed substantial increases in their respective flying hour programs and total funding for the flying hour program increases by $.3 billion between FY 85 and FY 86. In FY 86, the Army will increase flying hours by roughly 100,000 hours. The Navy flying hour program will also increase by about 100,000 hours, improving the primary mission readiness factor for tactical air (TACAIR) and anti-submarine warfare (ASW) flying units from 86 to 87 percent. Six new Navy TACAIR and ASW squadrons will stand up during FY 86. In addition, the Air Force flying hour program grows by 90,000 hours. This growth will enable the Air Force to accomplish about 90 percent of its fighter and tanker objectives in FY 86.

- Roughly, $.2 billion of the growth between FY 85 and FY 86 is in the area of logistics support. The increased funding in FY 86 provides for depot operations, supply management and central procurement operations to support the deployment of various weapon systems currently increasing in the inventory. Additional funding is also required to support increased Army requirements for chemical ammunition demilitarization, improvement of ammunition handling capabilities in Europe, and expanded care of Army supplies stored on Near Term Prepositioned Force ships.

- Growth in the flying hour program and in the fielding of Army equipment has also resulted in increased depot level maintenance requirements. An additional $.4 billion is needed for aircraft modification installations, inactive ship and submarine maintenance and AEGIS ship maintenance as well as for continuing Army hardware depot maintenance requirements. Additional requirements for Air Force Depot Purchased Equipment Maintenance (DPEM), interim contractor support, modernization and other support also contribute to the program growth in this area. These increases are largely offset (-$.4 billion) by the full-year effect of the revised funding concept for Navy depot-level repairable equipment.

- We have $.2 billion program growth for support to the space program. FY 86 will be the first year that the Space Shuttle is launched from Vandenberg Air Force Base. The FY 86 request includes O&M funds to support two Space Shuttle flights at Vandenberg and also includes funding to provide continued support for operations at Cape Kennedy. In addition, the FY 86 request includes funding to provide for the initial operating capability of the Consolidated Space Operations Center as well as for costs of the Data System Modernization Project and operational support of the Advanced Remote Tracking Station in the Satellite Control Facility network.

- Funding for training and education has increased by about $.1 billion between FY 85 and FY 86 to support new requirements in the areas of specialized training, flight training, and training carrier operations. In addition, growth in training support requirements has resulted from the introduction of new equipment to the forces. Rising medical care costs cause funding requirements for the Civilian Health and Medical Program of the Uniformed Services to increase by roughly $.1 billion.

- Funding for Intelligence and Communication programs increased by about $.2 billion related in part to initiatives underway to modernize the Defense Communication System. Program growth in all other areas accounts for the remaining $.3 billion.

(U) DOD FUNDING TRENDS

(U) With this as a background, let us now move on to a brief review of DoD funding trends with special emphasis on readiness and sustainability. The funding trends shown in Figure 6 help to describe how the Department of Defense has allocated its resources since 1980.

(U) FIGURE 6

DOD FUNDING TRENDS BY FUNCTION, FY 1980-1986

TOA FY 1986 $ BILLIONS

	FISCAL YEAR						
CATEGORY	1980	1981	1982	1983	1984	1985	1986
FORCE STRUCTURE, EQUIPPING, AND MODERNIZATION	51.9	60.4	72.6	89.6	93.1	99.6	110.3
MILITARY MANPOWER READINESS	53.3	54.4	56.9	58.5	59.7	62.2	63.6
PEACETIME FORCE OPERATIONS	13.8	15.3	17.3	17.8	18.2	20.9	20.9
CENTRALLY-MANAGED MATERIEL READINESS	14.9	18.7	22.1	23.5	26.3	26.7	26.1
MODS, ALTS, AND LOGISTIC SUPPORT EQUIPMENT	7.6	8.9	10.7	9.9	11.1	12.6	12.6
MATERIEL SUSTAINABILITY	5.4	8.5	10.1	10.8	11.7	13.8	15.8
FACILITIES SUPPORT	18.1	21.7	24.3	23.9	25.0	25.7	27.3
OTHER SUPPORT	15.1	14.3	14.7	15.7	16.5	17.1	19.5
RETIRED PAY1/	16.1	16.6	17.0	17.1	17.5	18.1	18.2
TOTAL	196.2	218.8	245.8	266.7	279.0	296.7	314.4
(ANNUAL % GROWTH)		(11.5%)	(12.3%)	(8.5%)	(4.6%)	(6.3%)	(6.0%)

1/ FY 85-86 ON ACCRUAL BASIS; OTHER YEARS ON CASH PAYMENT BASIS.

(U) The key points on this display of DOD funding trends are:

- The greatest real increases attained so far occurred in FY 81 and FY 82 (about 12 percent growth), reflecting this Administration's FY 81 Supplemental and FY 82 Amendment). Real increases then tapered off to a low of about five percent in FY 84. FY 85 funding increased slightly over the FY 84 level and the requested FY 86 funding increase is just less than that of FY 85.

- By far, the largest percentage increase in FY 86 occurs in sustainability. In fact, the average annual growth for sustainability over six years is the highest of all the categories, reflecting in large measure the relatively low absolute level of sustainability funding we inherited in FY 80. As you will see later in this testimony, these increases are essential if we are to achieve parity with our potential adversary. Large Congressional reductions in FY 83-84 have in part been adjusted for in FY 85, but not completely. Full support for the requested FY 86 funding is essential.

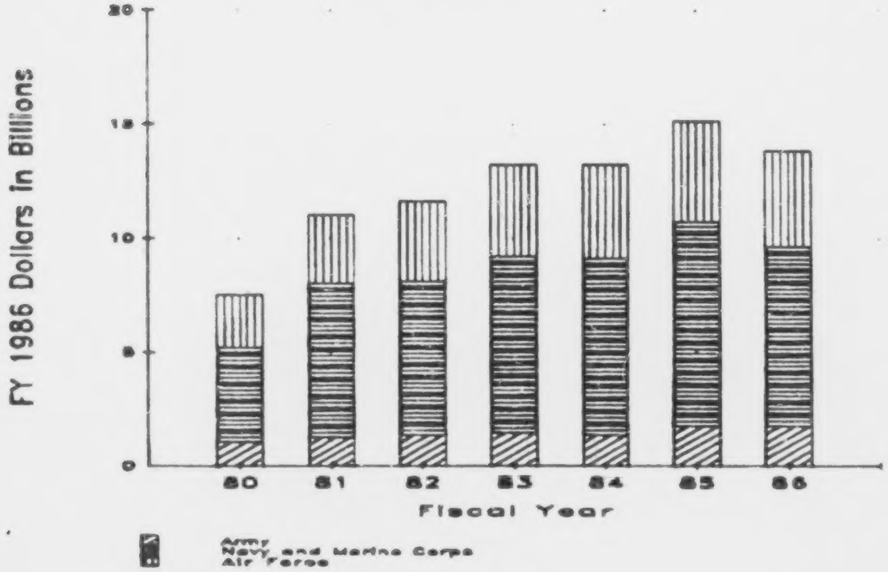
- The next largest FY 86 increases come in other support and facilities support. Increases in other support are primarily attributable to recent emphasis on command, control, communications and intelligence programs and for funding to better manage spares acquisition. Facilities support increases in FY 86 compensate for the very small FY 85 improvements.

- Force structure, equipping and modernization also grows in FY 86, however, this growth is far less than the growth in earlier years.

- Funding for peacetime force operations and centrally managed materiel readiness is almost unchanged between FY 85 and FY 86. We have achieved substantial increases in almost all aspects of materiel and training readiness funded by these accounts. This does not however imply that funding can be reduced in these areas. More and more equipment of increasing complexity is being delivered to the force. This equipment is also being used at a high operating tempo. Readiness funding must keep pace with this increased requirement, otherwise we will undo some of the improvements we have worked so hard to accomplish.

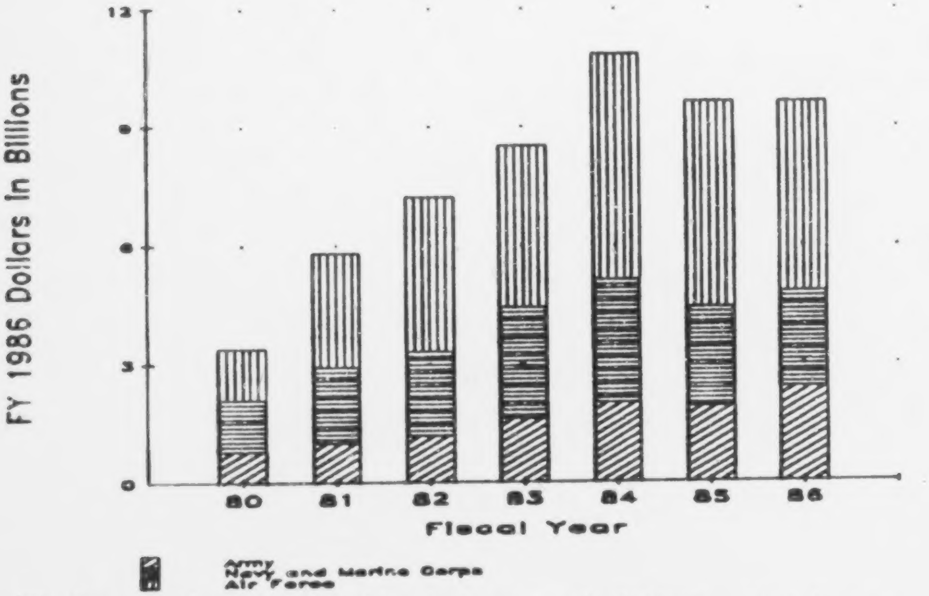
(U) FIGURE 7

Depot Maintenance Funding



(U) More detailed breakouts of two key materiel readiness accounts are shown in Figures 7 and 8. Both spares and depot maintenance funding have increased sustantially over FY 80-81 levels. Total funding has been relatively constant over the past three or four years for two reasons. First, we targeted areas where specific improvements were needed and we have accomplished many of them. Second, we have achieved significant cost efficiencies in spares procurement and labor-saving efficiencies in depot maintenance. Funding requests for these accounts in the future will reflect the need to maintain the levels of readiness that we have worked so hard to achieve. But remember, we will be supporting a larger, more modern force at high levels of activity.

(U) FIGURE 8
PEACETIME SPARES FUNDING

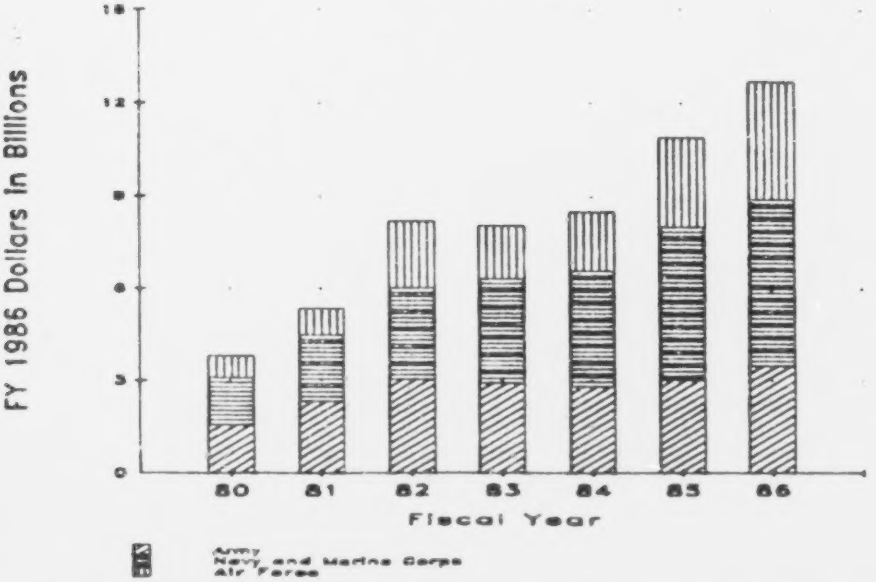


(U) Our sustainability objective is to ensure logistical support to our conventional forces from initiation to successful termination of any hostility. Our requirements for combat-essential materiel during a conflict will be several times as large as our normal peacetime consumption. For this reason, we are striving to build up war reserve stocks sufficient to support the combat forces until our industrial base can mobilize to meet our wartime requirements. Unfortunately, long production lead-times and the large requirements make building stockpiles of war reserve munitions and repair parts a slow, expensive process.

(U) Sustainability, like readiness, cannot be purchased quickly. Although the sustainablity resource areas were allocated some of the largest real funding increases over the last four years, less than half of this investment has been produced and delivered. We recognize that we must accelerate our sustainability funding if we are to achieve a sustainability posture that presents a true prudent-risk deterrent by the end of this decade.

(U) FIGURE 9

MUNITIONS FUNDING



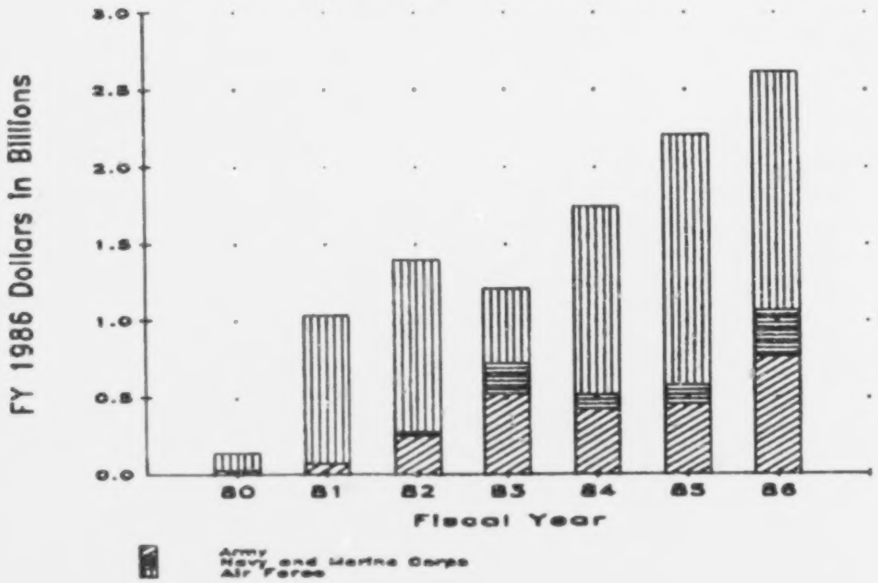
(U) We have continued the progress reported last year toward redressing critical deficiencies in our munitions sustainability. Munitions funding for the last seven budget years is shown in Figure 9. This graph demonstrates our resolve to build our munitions inventories to the point that we would never be forced to escalate to theater nuclear weapons because our conventional sustainability had been exhausted. Even with these increases, however, achieving our modest mid-term objective is slow. The long production leadtime for munitions, about two years, means that the increased funding in FY 82 is only now beginning to be translated into increased combat staying power.

(U) Procurement of modern munitions supports both our sustainability and modernization programs. For example, when we buy Maverick missiles to load out available sorties and extend sustainability we also increase by an order of magnitude the potential effectiveness of those sorties. Similarly, the Copperhead offers an increase in capability that cannot be matched by any number of the older artillery rounds.

(U) The exact level of our sustainability -- how many days or weeks that we could fight -- is highly scenario-dependent, and our estimates for specific scenarios are classified. In general terms, we have not yet attained the levels necessary to constitute a prudent-risk deterrent. Sustaining a conventional war is very expensive. It will take many years of increased budgets to build our stockpiles to the required level. However, we think it is worth the expense to provide the conventional sustainability necessary to reduce the risk of nuclear escalation.

(U) FIGURE 10

WAR RESERVE SECONDARY ITEMS FUNDING



(U) Our increased consumption of repair parts to keep aircraft, ships, and other combat equipment fully operational at the much higher level at which they will be operated during a conflict is the basis for our war reserve requirement for these items. We have concentrated on filling the necessary stockpiles of prepositioned repair parts -- those that would be required first. To accomplish this, we have increased our funding for war reserve spares and repair parts in both the procurement accounts and the stock funds as shown in Figure 10.

(U) Because of the production lead-times for these items, more than half of our investment over the last four years has yet to be delivered. Today, we have only about one-third of our prepositioned war reserve objective on hand, but we expect that the increased sustainability funding already approved, as well as that planned, will allow us to achieve more than 80 percent of that objective by the end of this decade.

(U) MATERIEL READINESS AND SUSTAINABILITY TRENDS

(U) Mission capable (MC) and full mission capable (FMC) rates have traditionally been used as measures of materiel readiness. An MC rate for a weapon system represents the average percentage of the inventory of that weapon system that is capable of performing at least one of the missions for which it was designed. Correspondingly, an FMC rate represents the average percentage capable of performing all of its missions. MC rates are important because they reflect the effects of maintenance funding, spares funding, maintainer training and a myriad of other factors.

(U) FIGURE 11

MISSION CAPABILITY

	Goal	FY 80	FY 81	FY 82	FY 83	FY 84
Army (FMC)						
Aircraft	75	66	66	68	70	71
Fire Support Artillery	90	88	88	90	90	89
Fire Support Missile Systems	90	91	91	96	95	94
Tanks	90	86	86	87	87	87
Combat/Combat Support Vehs.	90	88	85	85	86	88
Navy (MC)						
Total Aircraft a/	73	59	59	63	66	70
Fighter/Attack Aircraft a/	68	53	53	57	60	63
Air Force (MC)						
Total Aircraft	75	66	65	67	68	71
Fighter/Attack Aircraft	74	62	65	66	69	73
Marine Corps (FMC)						
Artillery	85	88	88	86	90	89
Missile Systems	85	94	93	93	94	86
Tanks	85	86	84	88	90	87
Combat Vehicles	85	84	83	82	85	82

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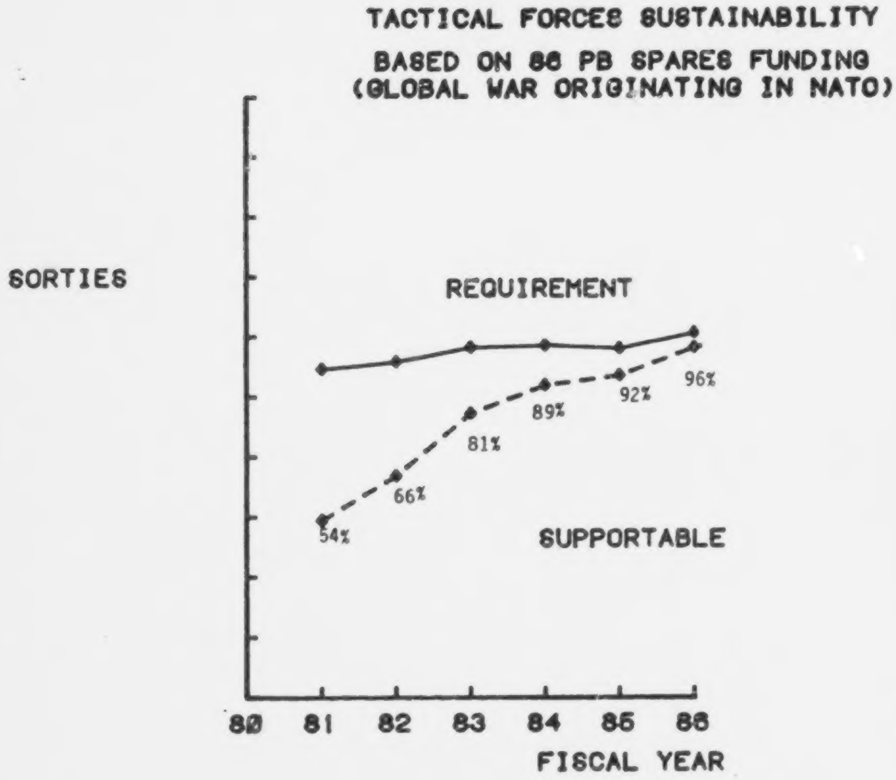
a/ Includes Marine Corps aircraft.

(U) Figure 11 shows MC and FMC rates for some important classes of equipment by Service. A classified version of this figure is included in the classified portion of my testimony. As you can see, we have achieved significant improvement in the aviation community in all Services. Marine Corps ground units are generally above goal. Army ground units are all very close to their goals.

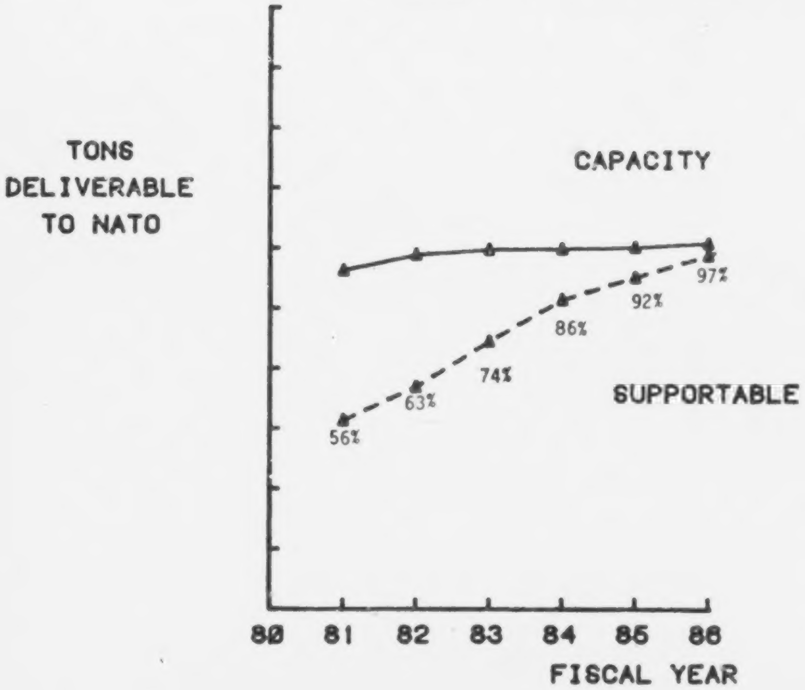
(U) FIGURE 12



(U) Increased spares support has significantly increased Air Force sustainability. Figure 12 shows how tactical sortie generation capability has increased. The top (solid) line in the graph shows the sortie requirement and the bottom (dashed) line portrays how much of that requirement is supportable. The y-axis is scaled to the absolute number of sorties. The percentages show the ratio of supported to required sorties. At the end of FY 86, the Air Force will be able to support 96 percent of its tactical sortie requirement. There has been a 76 percent increase in the number of sorties supported between FY 81 and FY 84.

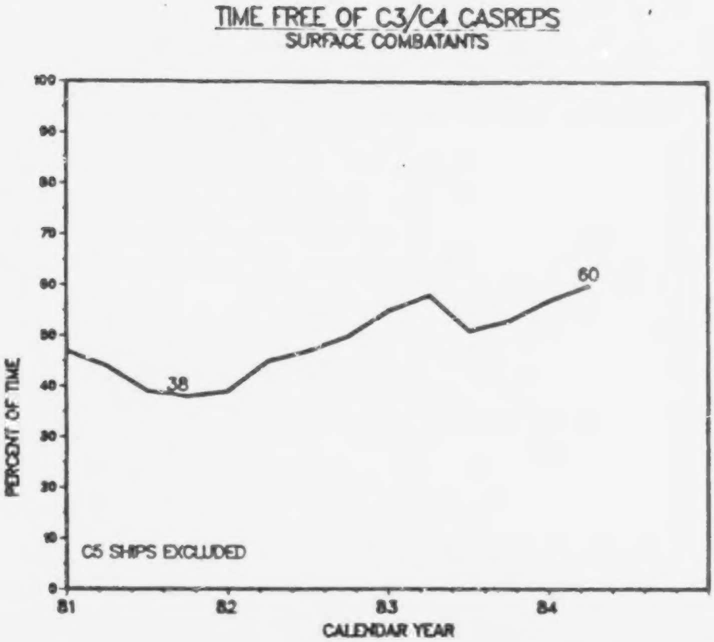
(U) FIGURE 13

C-5 & C-141 AIRLIFT SUSTAINABILITY
BASED ON 86 PB SPARES FUNDING
(GLOBAL WAR ORIGINATING IN NATO)



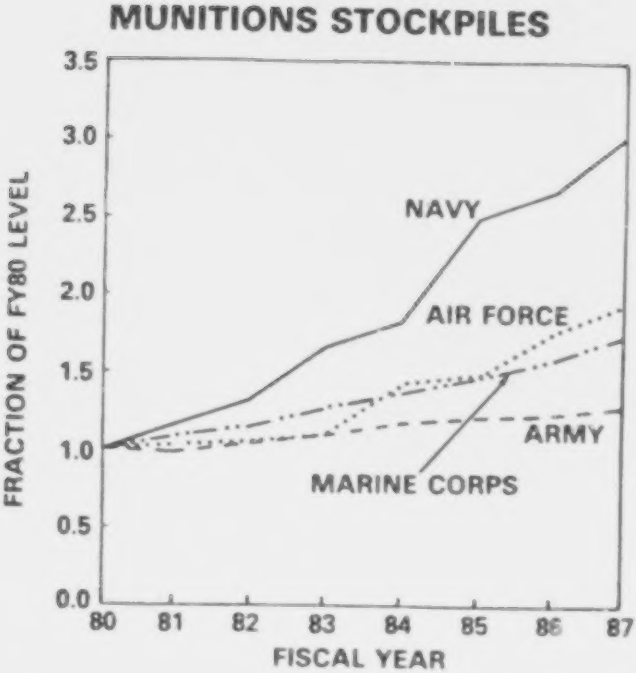
(U) Figure 13 shows similar improvements to Air Force airlift sustainability measured in tons. Total capacity has increased by 64 percent between FY 81 and FY 84. Ninety-seven percent of the requirement will be supportable by the end of FY 86.

(U) FIGURE 14



(U) Indicators of Navy ship readiness are improving. When mission critical equipment is not functioning properly, the Navy issues a Casualty Report or CASREP. C-3 and C-4 CASREPs are the most serious. They indicate a significant degration in an equipment's capability to perform its designed missions. Thus, operating time free of C-3/C-4 CASREPs is a meaningful indicator of ship materiel readiness. Figure 14 shows that this indicator is up 14 percent since FY 81 for surface combatants. This higher state of materiel readiness is a direct result of better manning, improved spare parts support, and increased funding for maintenance.

(U) FIGURE 16



(U) Figure 16 illustrates the affect that funding increases for munitions have had relative to the posture inherited four years ago. Since the procurement lead time is about two years, increases in FY 85, for example, can be attributed to funding in FY 83. Notice that the curves are relatively flat in the early years (FY 81-83) because of the low funding levels in FY 79-81. The relatively low rate of improvement for the Army is due, at least in part, to their relatively higher starting position; conversely, the high rate for the Navy is indicative of their extremely low sustainability level in FY 80.

(U) PERSONNEL READINESS TRENDS

(U) In Figure 17, "programmed structure" is the number of billets required for full manning of all the units in the active components excluding the overhead (trainees, transients, patients, prisoners, etc). "Programmed manning" is the number of billets that the Services plan to fill. From FY 84 to FY 86, programmed structure will increase by 36.4K, representing the growth in the force structure required to meet our defense commitments and to operate new weapon systems. In the same perod, programmed manning will increase by 36.5K. Staffing and structure grow by approximately the same amount allowing us to maintain our goal of programming manning at 90 percent of the programmed structure. As a result, billets not planned for fill remain about the same. These figures tend to give the impression that the shortages in end strength that we experienced in FY 84 have been overcome. That is only partly true. We have made some adjustments in structure to compensate for the lack of end strength; however, it is imperative that the Congress approve the active military manpower end strength that we request in FY 86 so that we can field a balanced, modern, expanded force structure. It is particularly critical if we are to realize our goal of a 600 ship Navy and achieve Air Force modernization and expansion.

(U) FIGURE 17

PROGRAMMED STRUCTURE AND PROGRAMMED MANNING
(000)
ACTIVE COMPONENT

	PROGRAMMED STRUCTURE	PROGRAMMED MANNING	BILLETS NOT PLANNED FOR STAFFING	MANNING AS % OF STRUCTURE
FY 83	2,056.5	1,838.8	212.8	89.6
FY 84	2,056.3	1,856.2	200.1	90.3
FY 86	2,092.7	1,892.7	200.0	90.4
CHANGE (84-86)	+36.4 (+1.7%)	+36.5 (+1.9%)	-.1	+.1

(U) Stability contributes to readiness by increasing unit cohesion and effectiveness. The aggregate stability percentages shown in Figure 18 represent the percentage of personnel who remain in the service over the period of a year. This measure captures the net effect of retention and attrition. Aggregate stability for both officers and enlisted has increased from FY 80 through FY 84, although in the last few years, the rate of increase has lessened. Our goal is to maintain these high levels.

(U) FIGURE 18

DOD MANPOWER STABILITY
ACTIVE COMPONENT

AGGREGATE (% REMAINING IN THE FORCE)

	FY 80	FY 81	FY 82	FY 83	FY 84
OFFICERS	90.8	92.2	92.6	93.1	92.1
ENLISTED	80.7	82.3	83.9	83.8	83.8

UNIT (% REMAINING IN UNITS)

	FY 80	FY 81	FY 82	FY 83	FY 84
OFFICERS	47.1	49.3	49.7	49.0	46.8
ENLISTED	42.6	44.1	44.0	45.1	44.6

(U) The unit stability measure is the percentage of personnel who remain in the same unit such as a battalion, squadron or ship over a period of a year. More stability increases unit performance and readiness. From FY 80 through FY 83, unit stability increased. In FY 84, unit stability dropped. All Services except the Marine Corps experienced drops in officer stability. The drop in enlisted unit stabiity is attributable to the Air Force; however, the Air Force continues to have the highest unit stability of all of the Services. We are continuing our efforts to keep unit stability as high as possible recognizing its contribution to personnel readiness.

(U) FIGURE 19

EXPERIENCE

ACTIVE COMPONENT
(PERCENTAGE OF ENLISTED FORCE)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
						(PROJECTED)	
TOP 5 (E5-E9)	39%	40%	40%	41%	42%	42%	43%
ENLISTED OVER 4	42%	44%	46%	47%	48%	49%	49%

(U) The measures shown in Figure 19 address the importance of enlisted leadership and experience. More complex weapon systems and missions require a more senior and experienced force. Over the last four years, there has been a slight increase in the percentage of non-commissioned and petty officers in the enlisted force. We expect this percentage to remain about the same over the next few years. The proportion of the enlisted force with over four years of service has increased significantly during the same period and should also hold at current levels for the next several years. This last statistic is particularly important because it shows that about half of our enlisted force is comprised of careerists who possess the training and experience necessary to operate the new complex systems that we are introducing. This situation is the result of improved retention, due to compensation incentives and judicious use of selective reenlistment bonuses. These programs are working well and contribute to improved readiness; therefore, they must be continued to avoid possible setbacks.

(U) FIGURE 20

OCCUPATIONAL IMBALANCES
(000)
ACTIVE COMPONENT

	FY 84	FY 85	FY 86	CHANGE (FY 84-86)
ENLISTED				
OVERAGES	59.3	48.5	71.2	+11.9
SHORTAGES	66.9	59.8	53.8	-13.1
OVER + SHORT	126.2	108.3	125.0	+ .8

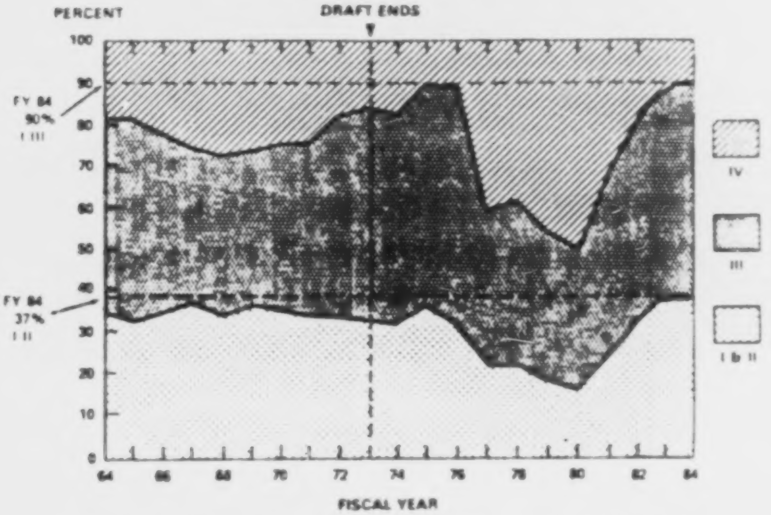
(DATA EXCLUDE THE AIR FORCE)

(U) Another component of manpower readiness is the ability to fill billets with personnel having the right training and skills. The data in Figure 20 measure current and projected occupational imbalances in the active enlisted force. The number of over-staffed billets is projected to decline between FY 84 and FY 85 then increase in FY 86 primarily due to increases in the Navy E1-E4 population in that year. These low paygrade excesses serve two purposes: they counterbalance senior petty officer shortages and provide the basis for a larger future petty officer population resulting from an expanded Navy. The number of billets short qualified personnel continues to decline through FY 86. We continue to strive to bring our force into balance but must expect some problems during this period of dynamic changes in force structure.

(U) The next two figures show the two primary measures we use for recruit quality: the results of the Armed Forces Qualification Test (AFQT) and education level.

(U) FIGURE 21

DISTRIBUTION OF ARMY NPS ACCESSIONS* BY AFQT CATEGORY FY 1964 THRU 1984

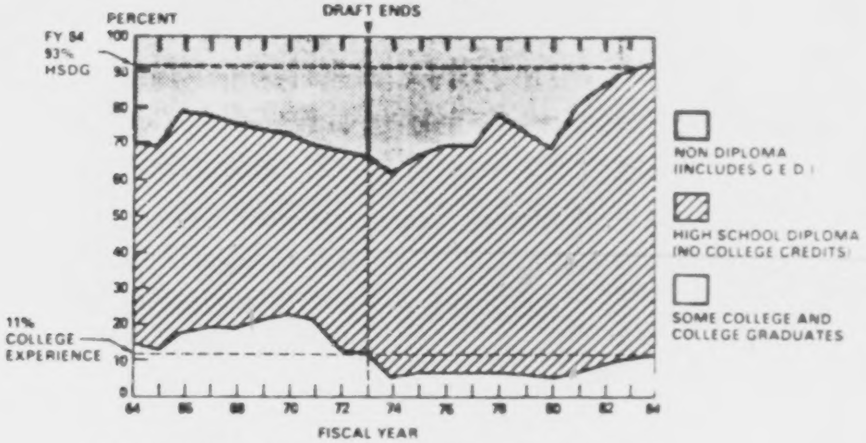


*INCLUDES NPS MALES AND FEMALES (INDUCTEES, REGULARS AND RESERVES WITH 2 OR MORE YEARS ACTIVE COMMITMENT)

(U) Figure 21 shows the distribution of the mental categories of new recruits not only for the period since the end of the draft, but also for the last ten years of the draft, including the peak years of the Vietnam War. In the general youth population, 35 percent fall in the top two categories, 59 percent fall in the top three categories, and 30 percent fall in the bottom two categories. In the figure, those who scored the best are in categories I and II at the bottom. Average scorers are in the middle in category III. Below average are in category IV. As you can see we are doing better now than we have ever done. In FY 84, 93 percent of our non-prior service recruits scored in the top three categories. Figure 21 also dramatically illustrates the problems that we experienced in the late 1970's with the quality of our enlisted force, because we were not offering competitive compensation. Our quality dropped dramatically as we had to dip significantly into category IV. With continued support for competitive pay, we believe that we can continue at or near the current level.

(U) FIGURE 22

DISTRIBUTION OF DOD NPS ACCESSIONS*
BY EDUCATIONAL ATTAINMENT
FY 1964 THRU 1984



*INCLUDES NPS MALES AND FEMALES (INDUCTEES, REGULARS, AND RESERVES WITH 2 OR MORE YEARS ACTIVE COMMITMENT)

(U) Figure 22 shows the other measure of quality, education level. We have found that the best predictor of success in completing a first term of service is a high school diploma. Such a diploma identifies people who can set goals and discipline themselves to achieve them. As a result, we seek out the high school graduate. Figure 22 shows our experience over the last 20 years. There was an initial improvement after the end of the draft, followed by a drop in the late 1970's, with recovery in the 80's. In FY 84, we had our best year ever in recruiting high school graduates.

(U) TRAINING READINESS TRENDS

(U) As can be seen in Figure 23, these training readiness indicators are trending upward, or, where the levels achieved already produce the required amount of training, holding steady. The total number of active students and trainees (the student load) is increasing in FY 85 and 86 due to the addition of new courses, lengthening of selected courses, and a larger number of non-prior service accessions. In flight training, the aviator inventory has largely recovered from the shortages that existed in prior years; consequently, the production rates of pilots and navigators have leveled out. As an exception, the number of new Navy pilots will enter an upward trend in FY 86 to meet an expanded demand.

(U) FIGURE 23

INDICATORS OF TRAINING READINESS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
TOTAL ACTIVE STUDENT LOAD (000)	190.0	197.3	192.2	197.2	196.2	209.0	214.9
ACTIVE UNDERGRADUATE FLIGHT TRAINING GRADUATES	5,155	5,708	6,158	5,966	5,670	5,560	5,522
TOTAL ACTIVE FLYING HOURS (000)	4,912	5,057	5,139	5,780	5,873	6,076	6,374
NON-DEPLOYED STEAMING DAYS/ SHIP/QTR	28.6	29.1	29.0	27.0	28.2	29.0	29.0
BATTALION TRAINING DAYS	N/A	N/A	58,571	58,992	56,396	58,422	61,699

(U) The trend in total active flying hours continues to show a steady increase, both in the aggregate and for each individual Service. Although some of the increase is due to a larger force, the statistic for flying hours per crew per month also shows increases. In FY 86, Navy and Air Force tactical air crews will average very close to their respective goals of 26 and 21 hours. The Army flying hour program, which has been depressed for several years because of a repair parts shortage, increased by 290,000 hours, or 24 percent, from FY 84 to FY 86. This will allow crews in operational units to train much more effectively. For example, hours per month for UH-1 crews will increase from 14.2 to 22.0 hours, and hours for AH-1 crews will rise from 9.8 to 15.1.

(U) Our non-deployed fleets, the 2d and 3d, are in essence our training fleets. The Navy's goal for training operating tempo for these fleets is 29 steaming days per ship per quarter. As the figure shows, we have met this goal in most years and will achieve it fully in FY 85 and 86. The FY 86 budget request also provides adequate funding to met the Navy's steaming day goal of 50.5 days per quarter for the deployed fleets in both FY 85 and 86.

(U) The temporary drop in battalion training days in FY 84 and 85 is due to a slightly reduced number of Army battalions in those years, not to a decrease in training time. In fact, the number of training days per battalion increases slightly in FY 85 and 86 in both the Army and the Marine Corps.

(U) The statistics show that the Services are being provided the opportunity to train properly. In judging the trend in training readiness, however, it is equally important to consider other actions which are improving the quality of training. Two notable examples are the acquisition and use of highly capable simulators and greatly improved ranges. These improvements are doing a great deal to make training time more effective in producing ready forces.

(U) SUMMARY

(U) Mr. Chairman, let me summarize my presentation in this open session by saying that we have carefully distributed the very necessary additional resources that the Congress and the American people have provided for the Nation's defense beginning in FY 1981. These larger Defense budgets have been designed to provide a modestly expanding force structure, tailored to deter and defend against the most significant threats to our security; selectively modernized; with gradual but steady improvements in our forces' readiness; and with similarly gradual and steady expansion of our ability to sustain those forces in combat.

(U) When we look across the Services, both recent readiness and sustainability trends and prospects for the future, we conclude that, in general, the Department can anticipate continual, gradual improvements. But there are still some problems. Army equipment shortages are serious and will not get fixed very quickly with the level of funding we are able to make available for Army equipment procurement. Another potentially serious trouble spot on the horizon is active military manpower -- not in terms of the near-term supply that is available from the national manpower pool, but because of our uncertainity about the Congress' willingness to approve the active military manpower increases that we must have to man an expanding Navy and Air Force structure. Clearly, not all of our readiness and sustainability programs are fully funded. The stiff competition for resources within the Department and the need to balance those competing demands does leave us with some unfinanced maintenance backlogs that will remain at end-FY 86. In the sustainability area, we are faced with even more significant problems. The process of building to our modest mid-term objective is slow. We need to accelerate sustainability funding to achieve a posture that presents a true prudent-risk deterrent by the end of this decade. These realities make it even more imperative that the Congress support the funding that we have requested to continue our steady improvement in Defense readiness and sustainability in FY 86 and beyond.

(U) The remainder of my statement addresses Army equipment shortages and mission capable rates. This information is classified and has been provided to the subcommittee in a classified statement.

(U) Mr. Chairman, this completes my unclassified prepared statement on readiness and sustainability. I will answer any questions the Committee may have at this time.

Senator **Humphrey**. You are welcome.

Did you want to go first, Senator Dixon?

Senator **Dixon**. Whatever is your pleasure, Mr. Chairman.

Senator **Humphrey**. Well, I have to stay, so why don't you proceed.

Senator **Dixon**. Thank you, Mr. Chairman.

REPAIR PARTS INVESTMENT

Dr. Korb, you say on page 8 from fiscal year 1981 to fiscal year 1984 we needed large growth in our repair parts investments to reconstitute our inventories to the levels necessary to support adequately our peacetime operations and that we have reached those levels.

Now, on the chart that I have before me, we do show funding increasing rapidly in the Air Force aircraft replenishment spares—fiscal year 1980: $0.9 billion; fiscal year 1981: $2.3 billion; fiscal year 1982: $3.4 billion; in fiscal year 1983 it went down a little; but then it came up in fiscal 1984 to $3.5 billion. But the supply availability rate has been going down. It was 70.4 percent in 1980. It blipped a little in 1981, was about the same in 1982, and dropped to 63 percent in 1983 and to 54.7 percent in fiscal year 1984.

Would you explain that apparent inconsistency in supply availability against funds spent.

Dr. **Korb**. Well, first of all, the funding does not necessarily correlate directly with supply availability.

For example, if you are flying more hours or you have more planes to support, your availability then goes down as an overall percentage. As you know, over that time period, we have expanded the number of hours that each crew flies per month. We have been involved in many more exercises throughout the world because of increasing tensions. And, we do have a larger force.

So they do not ordinarily go together.

I would say this. If we had not increased the funding, it would be even worse.

Senator **Dixon**. I see.

MUNITIONS INVENTORIES

You say in your statement that our resolve is to build our munitions inventories to the point that we would never be forced to escalate to theater nuclear weapons because our conventional sustainability had been exhausted—you talk about resolve. I think that is a worthy objective. But let me ask you this. As long as the ammunition stocks of our allies, particularly NATO, are far below ours, does that not undermine the credibility of our conventional posture in that regard?

Dr. **Korb**. It certainly does.

Senator **Dixon**. What are we doing about that?

Dr. **Korb**. Well, I happen to be a member of the Senior NATO Logistics Conference, and this is an agenda item in which we point that out to our allies, that is, that it makes no sense for one party to do it and others not to do it. We wish they were doing more. They are moving in the right direction. We are moving faster than they are, but I do not believe that if we slowed down that would make the problem any better.

I will furnish for the record a study that I got the NATO Logistics people to do, which looked at the balance in their program between ammunition and new investment so that we could see whether, even if they could not achieve the levels of growth that we would like, the 3 percent growth, it would be useful if we can induce some adjustment in the counts. Because of that study, this will be an agenda item at the upcoming NATO Logistics Conference this April.

Senator DIXON. I would very much appreciate that analysis with respect to our allies and their contribution as compared to our own efforts in those categories.

Dr. KORB. That has been an item of increasing concern.

Yes, sir, we will get that to Mr. Lyles for you.

Senator DIXON. That would be great.

[The information is classified and retained in committee files.]

CONVENTIONAL MUNITIONS

Senator DIXON. Your statement places a great deal of emphasis on improving conventional munitions sustainability, as one of the keys to avoid escalation to the use of nuclear weapons.

I agree with that.

I noticed, however, that the fiscal year 1986 request for war reserve munitions in both the Army and the Marine Corps is below the level approved by Congress in fiscal year 1985. I wonder whether this trendline has been going the wrong way and what the reason for it is.

Dr. KORB. Well, you have a number of different categories. You actually have munitions that go into one category, if you will, immediately available and in war reserves. It is a combination of both accounts.

In practical matter, the main thing is that the ammunition available to the commander is more, though some of it goes into what we might call the immediate war preparations. But it is balanced. It is the same thing that we have, for example, in our spares account between what we would call replenishment spares and war reserves. The ideal obviously would have both of them going up, but if you can't have both go up, you would want to make sure that the total is going in the right direction.

We will provide the breakdown for you in both of those accounts.

But you are quite right that the war reserve funding is not what we would like it to be.

[The information follows:]

MUNITIONS FUNDING

Total funding for munitions (ammunition and missiles) remained relatively constant between fiscal year 1985 and fiscal year 1986 for both the Army and the Marine Corps. The figures are as follows (in $M):

	Fiscal year—	
	1985	1986
Army	4,914	5,053
Marine Corps	711	773

Funding for Navy and Air Force munitions, meanwhile, increased significantly, as shown below:

	Fiscal year—	
	1985	1986
Navy	3,759	4,500
Air Force	2,690	3,757

REORGANIZATION AT DOD

Senator DIXON. Despite the fact that we ask you a lot of questions, I want to say that we have a lot of confidence in you, Dr. Korb. I know that the Secretary recently has announced a reorganization in his office and under this reorganization you will focus exclusively on active duty and civilian manpower. Your logistics functions, those touching on readiness and sustainability, as I understand it, will be taken over by the new Assistant Secretary of Defense for Acquisitions and Logistics.

Do you mind my asking what was the reason for this reorganization?

Dr. KORB. As best I can understand it, the Secretary felt that his main problem right now, as perceived by the Congress and the country, is in the acquisition area, and in the acquisition area, it not only includes initial acquisition, but also cradle to grave buying of things to sustain a weapon system throughout its life. He felt that with a particular individual having all of that responsibility, he might be able to take strides to improve management in that particular area.

Senator DIXON. May I have one more question, Mr. Chairman, before I yield to you?

Senator HUMPHREY. Of course.

Senator DIXON. I have one more question, a bit longer.

INFLATION SAVINGS AT O&M

If you go back and look at how Congress has cut the defense budget over the last 4 years, one of the areas where cuts have been made has been in financing adjustments: lower inflation, lower fuel prices, better contract prices.

Last year we saved $7.5 billion with these types of financing adjustments without any effect, at least I am told this by staff, on our national defense posture.

Last year, at the last minute in the conference on the fiscal year 1985 defense authorization bill, the Comptroller's Office told us they suddenly found over $1 billion in unanticipated savings in the accounts under this subcommittee's jurisdiction that could be used to meet the congressional reduction target.

So my question is the obvious one: did Congress remove all of that inflation dividend in the operation and maintenance and stock fund accounts in the final fiscal year 1985 authorization and appropriations bills, and how much of this inflation dividend was left, if there was any, in these accounts in fiscal year 1985? Also, what is being done with those funds?

Dr. KORB. As you know, we budget a long time ahead of the actual year in which we are going to be dealing. For example, right now we are in the Congress defending 1986, but we are actually working in the programming phase of 1987, and we are making certain guesses, if you will, about what the cost of fuel, for example, is going to be as well as the consumer price index.

We do review these from time to time. But nobody expected the rate of inflation or oil prices to drop so dramatically. In fact, as you know, even with the recent events in OPEC, they have not even been able to hold the price floor that they set.

So that was the reason for the adjustments last year.

All I can tell you is as soon as we have a better estimate, it will be provided to the committee. What normally happens within the executive branch is that the Office of Management and Budget does a midyear review of where you are.

All I can say is that right now the fiscal year 1986 budget submission represents our best guess as to what things actually are going to cost.

Remember that outlays, when they are presented to Congress, are an estimate of what we are going to spend. The authority is what we deal with; outlays are estimated on the basis of authority.

Fortunately, in recent years we have not spent as much because of much lower than anticipated inflation.

When I took this job, on our first 5-year plan, I can remember we were saying that by fiscal 1986, we would be paying $50 a barrel for oil. Of course, fortunately, we are not anywhere near that number.

Senator DIXON. Thank you.

And I thank the Chair.

FLYING HOURS

Senator HUMPHREY. Mr. Secretary, will you expand on your statement at the bottom of page 9 of your shorter statement, where you refer to remaining problem areas. What are those?

Dr. KORB. What I am saying is this.

We looked at our program and we have gotten Air Force flying hours up in the last couple of years. Navy was pretty high. The Army is not flying as much as they should.

So, if you look at our increases this year, we try to increase the amount that the Army could fly. Thus, if you take a look at where the money went, the growth in 1986 over 1985 would be much more in the Army's flying hours program.

Another major area about which we are very concerned is what you might call the equipment fill in the Army, both in the Active and the Reserve component.

Senator HUMPHREY. Are there others?

WAR RESERVE AMMUNITION

Dr. KORB. As the gentleman from Illinois pointed out, we would like some more war reserve ammunition and spares. War reserve equipment is an area which is not where I would like it to be either.

Senator HUMPHREY. Well, we will be going into greater detail with each of the individual services.

For now, how are we doing on the backlogs of depot maintenance in each of the services? Do you have figures on that?

Dr. KORB. Yes, we do, and we can furnish them for the record.

[The information follows:]

DEPOT MAINTENANCE BACKLOGS

Fiscal year 1986 depot maintenance funding and backlogs are as follows:

[In millions of dollars]

	Funding	Backlog
Army	1,782	11
Navy	7,679	587
Air Force	4,222	60
Marine Corps	129	0

Senator HUMPHREY. Well, don't bother to do any of that for the record stuff unless Senator Dixon wants it, because nobody ever reads it.

Dr. KORB. OK.

Well, we are at about 95 percent of our requirements. In other words, we are funding in this budget 95 percent of what we should to have a zero maintenance backlog, and that is because of funding constraints and not operational constraints. So if we had 5 percent more money in that account, we would virtually have no funding backlogs.

Senator HUMPHREY. So, then, overall, since we are funding 95 percent of need, if I understand it correctly, we are suffering a net growth in the backlogs.

Dr. KORB. No, sir. I would say that we have 95 percent of all of the things that should be maintained in the account. In other words, it is level. As I pointed out in my statement, we are at the same point as we were last year, but with less funding. In other words, we have been able to achieve, if you will, only a 5-percent backlog with a little bit less funding in real terms.

Senator HUMPHREY. So the backlog is then holding steady as a percentage?

Dr. KORB. That's correct.

Senator HUMPHREY. In all of the services?

Dr. KORB. Yes.

Now, I think you have a good point that since we have a larger force, there probably are a few more in the backlog in terms of absolute numbers, but not so in terms of percentage.

FLYING HOURS

Senator HUMPHREY. What about flying hours per crew on the Air Force and Navy? How would you characterize that?

Dr. KORB. Well, the Navy is the highest. It is about 24. The Air Force is about 20 and the Army is down around 18. It is too low and we are trying to get that up.

Senator HUMPHREY. My question really is directed to the difference between the 1986 proposed budget and the 1985 budget. Per crew flying hours, are they going up? Let's start with the Navy.

Dr. KORB. They are staying level.

Senator HUMPHREY. And the Air Force?

Dr. KORB. The Air Force is level, at 20, and the Army is going up.

Senator HUMPHREY. I am looking at figure number 7 on page 11 of your longer testimony, which shows depot maintenance funding going down. But you are saying that the lower spending figure proposed for 1986 will buy us the same?

Dr. KORB. That's correct.

Senator HUMPHREY. How do you know?

Dr. KORB. Well, based upon the criteria that we use, we are confident. And as I tried to point out, we have more modern equipment.

One of the things we ask Congress for every year is what we call productivity enhancing capital investment. Over the past couple of years you have given us this, and we are now seeing it in a lot of our facilities. So with less money we can achieve the same level of maintenance.

Senator HUMPHREY. What kind of changes are those?

Dr. KORB. Well, for example, you take a naval air rework facility and you buy more modern equipment, which means that for less manpower, for less time, you can do the same amount of work. There are similar situations with ships in terms of the overhauls that we do. We are now able to get them in and out of the yards much more quickly than we used to in certain categories of ships.

Senator HUMPHREY. That's great. That is efficiency. I hope it is borne out in practical experience.

FUNDING OF PEACETIME SPARES

Let's go now to figure 8 on page 12, showing a static level funding of peacetime spares. With more equipment in the inventory, how is this going to work out?

Dr. KORB. Well, as I pointed out in the text of this particular statement, we have achieved some efficiencies in spares procurement, and it would be a similar type of situation. We all know the publicity that has been generated in the procurement of spares area, and because of our efforts in this area, we are confident that we can get them for less money.

Senator HUMPHREY. This is great, then. I hope you are right.

Dr. KORB. Nobody hopes more than I do that we are correct in that area.

Senator HUMPHREY. It is a novelty, isn't it, something we have not seen around here, at least since I have been here. I hope this is borne out.

We are, then, spending less money but getting just as much value. It's hard to believe.

Dr. KORB. I think we will have to focus on the output. I am quite confident as I have scrubbed these things very, very carefully before we went ahead with this program.

PRUDENT RISK DETERRENT

Senator HUMPHREY. On page 14 of your longer statement, at the top you say, "In general terms, we have not yet attained the levels necessary to constitute a prudent-risk deterrent."

Can you expand on that? Is there any way to quantify the progress we have made in shortfalls? Can you talk about that a little bit?

Dr. KORB. I would say that in an open forum, Mr. Chairman, we can essentially say we are at about double where we were 5 years ago, and if the President's program is approved, essentially intact, by the end of the decade we will be close to our intermediate goals.

Senator HUMPHREY. Double in what sense?

Dr. KORB. In the days that we can fight a high intensity war.

Senator HUMPHREY. Did you say that we had doubled it already?

Dr. KORB. Yes, sir.

That is when the ammunition that Congress has already approved actually gets into the force.

Senator HUMPHREY. That is a broad measure, I assume. Are there some items to which that does not apply and which would we be limiting and thereby negate that measurement? I mean in practical terms.

Dr. KORB. Well, there is an uneven distribution, if you will, based upon a number of factors. Some of them were just terrible. There was a very low funding, between 1979 and 1981, in lots of areas.

In fact, if you take a look at figure 16 on page 20, I think that will kind of put into perspective the situation. That takes a look at the stockpiles.

Senator HUMPHREY. What does the vertical column measure?

Dr. KORB: That shows the fraction that you have had in 1980. In other words, we take 1980 as the base year. So what it shows is that the Navy is three times better than it was in 1980, whereas the Army and the Marine Corps are slightly better, and the Air Force is somewhere in between.

Senator HUMPHREY. Is that a measure of days of sustainability?

Dr. KORB. No. What it tells you is that compared to 1980, you are three times better off in the Navy and twice as much in the Air Force and overall about twice as much, which is the point I was trying to say.

Senator HUMPHREY. But using what measure?

Dr. KORB. Using basically 1980 stockpiles.

Now that does not tell you what you need. In other words, the exact number of days is classified and the scenarios that you are developing against is what you measure. What this basically says is that in 1980 we had *x* amount of sustainability. In 1987, for example, the Navy will be three times better than x. And, as you well know, x, the number of days which is classified, was not very good back in 1980 for any of the services. We were in very short supply.

Senator HUMPHREY. Perhaps we had better pursue that further in closed session.

I do want to return to my question of where is the shoe pinching the most? Is that something we can discuss in open session?

ARMY EQUIPMENT

Dr. KORB. I would say the major problem that we face in the area under your cognizance is what I would call Army equipment fill. I am basically talking not about tanks, but trucks, forklifts, very, very mundane types of things that we need a lot more of.

Now we are making some progress in the area. One of our problems was we had no idea what the situation was a couple of years ago. We are beginning to get into that. That is our major problem.

The next is, as your colleague pointed out, we need more ammunition in the war reserve area. We would like more. This is an area which in recent years has not received as favorable a consideration as some other items in the budget, particularly from the appropriations people.

Senator HUMPHREY. Are you saying that we got into this because it was not sufficiently recognized?

Dr. KORB. Well, in Army equipment, what you have is a situation where nobody knew how bad the problem was, particularly in the area of Guard and Reserve units.

When I came into this job, one of the efforts we worked on in the Army was to develop a data base because the Army, unlike the Navy and Air Force, has so many small units in so many places that we really did not have a handle on all the equipment that was actually there in what I would call the nonmajor items. You knew how many M1 tanks and M60's there were, but in lots of these other areas you did not know.

So we had to develop a data base to find out what it was, and having developed the data base, then we had to begin to target funds for those specific areas. The first year for which we did it was fiscal 1984.

Senator HUMPHREY. What percentage of that shortfall have we made up?

Can you quantify the progress in some way?

Dr. KORB. It's very hard to quantify because so many things change. I would guess we probably have made up about half of it so far, up through this budget.

Again, I think you have a good point that sometimes after these hearings we forget about it, but we can provide an actual breakdown item by item, because this is an area where we have worked with the Army. In fact, the Secretary of Defense felt so strongly about this area that when we first discovered it, he added to the Army's 1984-88 program $2 billion in obligational authority to fix that specific problem. In other words, it just came out of the defense total.

Senator HUMPHREY. Is this shortfall borne mainly by Reserve units? Is that correct?

Dr. KORB. I would say more in Reserve units than in the active. But again, remember that we fill units based not on whether they are Active or Reserve but on their place in the war plans. As you know, many Reserve units are part of round-out brigades. Some of them will fall in against some of our prepositioned materiel in different parts of the world.

DEPLOYMENT

Senator HUMPHREY. You apportion the equipment then based on deployment date, irrespective of characterization of the unit?

Dr. KORB. That's correct.

Senator HUMPHREY. Then the 50 percent progress we have made has been applied principally to the earlier-deploying units, is that correct?

Dr. KORB. That's correct.

Senator HUMPHREY. What are the implications of this particular problem in deployment? How would that work out? Where would we run into problems, and when?

Dr. KORB. Well, I think a problem you might face, for example, is you might have a unit that might be later deploying and its radios would not be the same as the radios that other people had, so you might have some communication problems.

You might find a unit that did not have the trucks to transport the ammunition to the front if they got involved in a conflict.

Those are the types of problems you would run into.

Senator HUMPHREY. Well, those are hardly incidental. They could be very limiting.

Dr. KORB. Oh, yes, they could. They would almost fall into the category of war stoppers. That is why I think if you take a look, for example, on page 10 of the unclassified section, we have broken down the budget in kind of our own way of looking at it. This is not the congressionally approved way of looking at it. We have a category called material sustainability which, as you see, is three times bigger than it was in 1980. It was $5.4 billion and is now over $15 billion. That is real growth.

If you compare 1986 to 1985, you will see the growth is about 14 percent in that particular account.

Senator HUMPHREY. While we are on that chart, will you run down and explain each of those categories.

Dr. KORB. As you may remember, Mr. Chairman, we developed this chart last year when we had a very vigorous debate as to how the money actually was being allocated. Some people were looking at just the procurement account and the O&M account to see where the trends were going.

So the first category is essentially what a lot of people think of as procurement, and this is major procurement, if you will. This is buying new planes, ships, and tanks.

Second is military manpower readiness. This, by and large, is the money we spend for pay and bonuses and for recruiting our troops—those things that help us to get and keep good people.

The third is peacetime force operations. This is what normally you would have for people engaged in training and routine operations outside, say, of a deployment occasioned by a Grenada, for example.

Centrally-managed materiel readiness is essentially where you are doing those things which we refer to as depot maintenance, for example, such as overhauls of ships.

The next category is pretty much the purchase of things that help keep the force operational, for example, buying testing equipment, buying things that help fix the equipment that we have.

Senator HUMPHREY. Permit me to interrupt you at this point. How do you justify the decrease in that category?

Dr. KORB. Actually, it has remained level in real terms. Because this is in 1986 dollars, it actually went up, but there is no real growth in the account from 1985 to 1986. This goes back to the point I made earlier. We bought a lot of equipment that helps us maintain the things that are in the field. We feel right now, with this equipment, just to keep that level with essentially a force that is not growing that much that we can keep that account level. Plus the item that needed it most is the next one, materiel sustainability. It was a trade-off, if you will. This is basically buying the capability to fight an extended war.

Senator HUMPHREY. Excuse me, but let's get back to this in a bit. Senator Dixon?

Senator DIXON. The Chair has been kind enough to yield to me momentarily because I have to go to another committee at 3 p.m.

There is one thing I would like to ask about, in a general sense, because I think you can help me a lot with it, Dr. Korb.

I want to go to several things in your statement.

ARMY EQUIPMENT SHORTAGES

First of all, on your summary on page 28, let me read from your paper: "Army equipment shortages are serious and will not get fixed very quickly with the level of funding we are able to make available for Army equipment procurement." Then, on page 20, you have a chart, and even conceding that the original *x* is a number we don't want to discuss in an open hearing, so we don't want to talk about what *y* is over on the other side, but you can clearly see that Navy has gone up dramatically, Air Force has gone up noticeably, the Marine Corps has gone up some, but the Army almost not at all.

Incidentally, I happen to be a Navy man, so I want to be sure that what I am saying here is not misinterpreted.

On personnel sustainability, the fiscal year 1986 force readiness report points out that the Army would face significant manpower shortfalls in the event of mobilization for a major war. According to this report, Dr. Korb, next year the Army would be short 107,700 trained personnel 90 days after a war began. I could go on.

I have only been on this committee a short while. As you know, I have the Scoop Jackson seat on this committee. While I have not been here a long time, I have been here long enough to notice that the Army always gets the short end of the stick, as we say back home.

I wonder whether, if I do not put you on the spot, you would be able to make some kind of comment about that. Now I am not trying to favor the Army. May I say again that I am a former Navy man. But obviously the Army is a great, vast, and important component of our national security posture. I wonder how you would analyze this.

Am I characterizing this fairly, that most of the things that we see would indicate that in almost any category you would want to look at the Army treated less generously, even though it may be a thing that you or others in your position might contend we don't treat differently, that we don't treat any of them sufficiently well? Isn't it a fact that the Army always seems to be the one that is shorted the most?

STRATEGIC PROGRAM

Dr. **Korb**. Well, I think you have to take a look at the things the services do and the things that they cost. For example, both the Navy and the Air Force have a very major role in the strategic program. The Army does not have as major a role, though if we go forward with the strategic defense initiative, you could see that change.

So I think you have to take a look at that when you are talking about the strategic program.

For example, you are modernizing all three legs of the triad now. The Army is not involved in that, so they would not get any of those funds.

The Air Force and the Navy, even in the tactical area, are much more capital intensive. Ships and planes are much more expensive than helicopters and tanks. So you would have to take a look at that.

Senator **Dixon**. But if I could interrupt you just now, on bodies, what you are saying wouldn't really be true, and yet on bodies the Army is short changed.

Now I would agree with what you are saying on the strategic side. Many of us here think that we have this thing a little bit lopsided, what we are doing on the strategic side, not that we don't think we don't need it.

PERSONNEL

Go ahead with what you are saying, but what would you say about the body part? There is personnel, men.

Dr. **Korb**. I understand that.

The Army made a decision a couple of years ago based upon the share of the budget that would be allocated to the Army, based upon going through the program categories, that they would hold manpower flat because they needed to modernize their equipment much more than the other services, particularly in the tactical area. The Air Force and the Navy began modernizing with new planes in the 1970's. The Army, for example, the M1 tank for the Army, did not come along until this decade. So there is the M1 tank and the Bradley fighting vehicle. The Army has made a decision that they want to get the equipment because they need to modernize it to modernize the Army, and, in fact, they would take a risk, which we do in a lot of our budget categories, in the manpower area and hopefully make up for that shortfall through the Guard and Reserve and the Selective Service System.

But you are quite right. They made a conscious decision to do that. This was a decision that was put before the Secretary of Defense, and he essentially endorsed that decision.

But you are quite right. There is a risk in that.

Senator DIXON. If I might interrupt you at this point again, I would really appreciate it, if the Chair would be inclined to do so, and it might be a thing that would have to be done as a classified hearing, if we could at some time have some analysis of all of this.

It does seem to me that we have this whole thing way out of kilter in this respect.

In the first place, Mr. Chairman, you have the Air Force and the Navy—I hope I will not offend my Army friends in here when I say this—in many cases more attractive in recruitment in the first instance. Then you have a policy decision that the Army is not going to try to expand the manpower field so much. There is the attractiveness question and then the determination made apparently somewhere at a very high level, and it must be all out of whack.

Dr. KORB. If you remember from our personnel hearings last year, the Army gets about half of our advertising budget. The reason is to deal with the situation you just talked about—it is more difficult to get people into the Army. We give the Navy more money to keep them in because the Navy people spend more time away from home. So we weight the retention budget or the bonuses more toward the Navy.

Senator DIXON. It's tremendous, incidentally. That was an issue we had last year on the Navy pilots. We have some things in there that are just absolutely special case situations. I don't say it is not deserved, but it is a question whether it is deserved in one instance vis-a-vis all the other special circumstances that must pertain to the other branches.

I don't want to unduly lengthen this, Mr. Chairman, except to say that I would be interested in hearing sometime, where it can be openly discussed, what kind of problems we might have as a consequence of this policy which I have seen in only a short while. I have heard others talk about it as well. I don't mean this to sound partisan, but it must be a policy that has gone on for some period of time.

Dr. KORB. Essentially, I happen to be a Navy person myself, and in the Pentagon people always ask me if I have been in the Army because I keep raising issues just as you have raised to make sure that the Army gets the things it needs.

But I think we have to be careful, in looking at budget percentages, because of the point that we made here about the strategic matter and essentially because of the ongoing arms control negotiations the strategic portion has basically been fenced until, hopefully, there are some developments at the arms control negotiations. Then, of course, that means that the rest of the budget has to be dealt with that actually put aside.

SDI

Senator **Dixon**. And SDI would be under the Army? Is that what you are saying?

What portion of SDI would be under the Army?

Mr. **Korb**. I think what I said is since the Army has the mission of ballistic missile defense, for example, if SDI should lead to that, then I think we would see the Army budget go up.

Senator **Dixon**. But, again, it will go up on the strategic side, of course.

You know, a lot of us have a lot of problems with that. I don't have problems with the SDI. I happen to support it. Many of my colleagues on my side may not, but I do. The point I am making is again, you have the same strategic versus conventional weapons system dilemma that we face here all the time. Again, when that branch is going to go up, it will go up on the strategic side once again.

The bodies I am talking about and the other charts I am talking about will remain the same.

Dr. **Korb**. I will furnish you the exact figures for the record, but, unless I am mistaken, since this administration has been in office, in the conventional area, the growth for the Army in all of their programs has been greater than the other services. I refer to the conventional area and not the strategic one.

Senator **Dixon**. Well—maybe.

Could I have that figure?

Dr. **Korb**. Yes; the real growth. We would be more than happy to give it to you.

Senator **Dixon**. Would you divide that by conventional and strategic in each force, in each branch, in a simple type of chart?

Dr. **Korb**. Yes, we would be more than happy to.

[The information follows:]

NON-STRATEGIC REAL GROWTH

The following shows the breakdown of DoD budgets into strategic and non-strategic categories in fiscal year 1980 and fiscal year 1986. All figures are in fiscal year 1986 constant outlay dollars (billions).

	Strategic		Nonstrategic	
	fiscal year 1980	fiscal year 1986	fiscal year 1980	fiscal year 1986
Army	.5	5	47.6	79.5
Navy	5.8	8.7	49.8	78.6
Air Force	11.2	27.7	45.2	78.1

These figures show that the average annual rate of growth for non-strategic programs is very similar among the three services.

Senator **Dixon**. Thank you for yielding, Mr. Chairman.

Senator **Humphrey**. You are welcome.

Mr. Secretary, let's return to figure 6. But before you resume, let me ask you this question. You said this chart is expressed in 1986 dollars, right?

Dr. **Korb**. That's correct.

Senator **Humphrey**. Well, there is a drop in mods, alterations, and so on, isn't there, of $400 million?

Dr. **Korb**. Yes. You go from $12.6 billion to $12.2 billion and I have another version here. I don't know which one is correct.

[Pause.]

Dr. **Korb**. Yours is preliminary, so it should be $12.6 billion. It should be level.

Senator **Humphrey**. The same amount?

Dr. **Korb**. Yes; I think this was one of the criteria we imposed in the Defense Resources Board, that there should not be a real drop in the accounts.

Senator **Humphrey**. All right. Thank you.

Please resume.

SUSTAINABILITY

Dr. **Korb**. Getting back to sustainability, this is what we are talking about, buying war reserves and ammunition to fight.

Facilities support is both the construction and the operation of our bases, and of course retired pay you are familiar with.

Senator **Humphrey**. What is other support? Those are pretty big dollars there.

C^3I

Dr. **Korb**. This would be things like administration support. It would also involve C^3I.

Senator **Humphrey**. In the what?

Dr. **Korb**. Command, control, communications, and intelligence.

Senator **Humphrey**. C^3I?

Dr. **Korb**. Yes, sir. That's correct.

Senator **Humphrey**. I did not catch that in both ears.

I want to go back to modifications and alterations and logistic support equipment. Is that trucks and things, logistic support?

Dr. **Korb**. It would be testing equipment, for example.

Senator **Humphrey**. I see.

The rationale there, again, is notwithstanding the growth in force structure, the coming on-stream of new weapons systems and so on, that you can get by on the same number of dollars for what reason?

Dr. **Korb**. Essentially what we are saying is that a lot of the new equipment, testing equipment, has been bought over the last couple of years as a lot of these weapons systems have come into the force. We feel we need to just keep it level—remember now, both the Congress and the administration have had to cut back on production of ships, planes, and tanks, compared to our original program over the last couple of years.

There is also the question of priorities. Our main, or one of our main, problems is things like materiel sustainability that we would like to put more into.

BACKLOG MAINTENANCE

Senator HUMPHREY. In our discussion earlier about backlog maintenance and so on, we did not examine ship overhaul. Where do we stand in that category, comparatively? I don't think that is covered in your testimony; is it?

Dr. KORB. In terms of the actual funding or the backlog?

For example, we expect for ships to spend about $5.9 billion on ship overhauls, and the backlog at the end of the year, financially, will be about $350 million. Compared to 1983, it was $850 million; in 1984 it got down to about $400 million.

Senator HUMPHREY. In 1984 it was $400 million. What was 1985?

Dr. KORB. In 1985, it would be $213 million. That is our projection.

Senator HUMPHREY. And 1986?

Dr. KORB. It would be $350 million.

Senator HUMPHREY. That would appear to be regression, then?

Dr. KORB. Well, it would except for one fact.

Senator HUMPHREY. What's happening?

Dr. KORB. Well, what we talk about is how much does it cost to overhaul a particular vessel. So, for example, we will have, at the end of 1986, one ship in the backlog, and that cost of overhaul, the cost of overhauling that, is $150 million. In other words, because we decided to leave one in the backlog to fit within our overall constraints, that was the cost of it. We did not look at it as a financial situation, but what ship, for operational reasons, could we most easily push up into the next year.

Senator HUMPHREY. I see.

Well, what is the situation with respect to individual ships in 1985? Is that one and a fraction, or a fraction of one? How do you account for the $213 million in 1985?

Dr. KORB. Well, I think that would be the cost probably of other equipment maintenance—about the same as in 1985.

Senator HUMPHREY. Do I correctly understand you to say that we will have only one ship overdue for overhaul in 1986?

Dr. KORB. That's correct.

For financial reasons, we expect only one at the end of the year, if our budget is approved as submitted.

Senator HUMPHREY. And others, how many and for what reasons?

Dr. KORB. Operationally we do not know. We are not projecting any. But, for example, if we have an emergency and we have to deploy a ship to the Caribbean, we can't put it into the yard, for example, or to the Indian Ocean.

Right now we are not projecting any in the operational category, but we don't know what will happen in 1986.

Senator HUMPHREY. Let's talk about figure 11 on page 15.

The mission capability percentages are beginning to decline. Is that a cause for concern?

Dr. KORB. As I mentioned in my statement, for example, the Army and the Marine Corps, in which you see some of the decline, are still within the goals that they have to maintain that mission capability rate.

MARINE CORPS MISSILE SYSTEMS

Senator HUMPHREY. Well, let's look at missile systems under the Marine Corps. Once we got to 94, which was the peak, why would we let it slip? I mean, we are dropping from 94 to 86?

That is for 1983 and 1984.

Do you have projections for 1985 and 1986 handy, also?

Dr. KORB. Let me see if we can get those. But first let me talk about the Marine situation because I think you have raised a very critical point.

We put in the TOW II missiles in fiscal 1984, and then you would expect, as you put in a new missile, that the mission capable rates are going to decline because people have to learn to use it and work out all of the bugs.

Now 1985 and 1986 are classified. But the others are historic, so we can put those in open session.

Senator HUMPHREY. All right. Then we will talk about those in closed session.

Let us go to figure 15 on page 19. What does this chart measure? I don't understand it.

MEETING ASSIGNED MISSIONS

Dr. KORB. I think we are basically similar to what we spoke about before. In an unclassified version, we are taking 1980 as 100, and then we are looking at the improvement in the capability of divisions to meet their assigned missions as determined in a specific scenario.

Senator HUMPHREY. How do you come to these figures? What is your formula? What is factored in?

Dr. KORB. What you factor into those is, do you have the number of personnel that you should have and quality and quantity of equipment. Those essentially are the factors that are put into that.

Senator HUMPHREY. Training and equipment?

Dr. KORB. Equipment and personnel.

Senator HUMPHREY. Personnel numbers?

Dr. KORB. Yes.

Senator HUMPHREY. Are each of those factors of the same weight?

Dr. KORB. Well, what they have is a model that takes them all into account. The weightings for each of them are different.

In other words, you don't say if you are short one man, then that is equal to one tank. It is not done that way.

It is based upon the models that they use. For example, when you put a unit in a tactical situation and it is lacking some of the particular things that it should have, how well does it perform based upon the war game analysis? That is the way the model is developed.

Senator HUMPHREY. Is this intended to be some kind of replacement yardstick for the unit?

Dr. KORB. Well, again, we are working in what we would call the more commonsense thing as opposed to the services internal management tool, UNITREP, because, as I mentioned, the UNITREP is not supposed to measure things over time. This is a step in the direction of the separate system which we now have available.

Senator HUMPHREY. Well, it does not tell us very much about the component changes.

Dr. KORB. I think what it tells you is this. If you take a look at all of the things that a unit, a division, is supposed to have, both Active and Reserve, compared to 1980, you are more than one-third better in terms of those units compared to a 1984 threat in Europe.

Senator HUMPHREY. How about if you constructed a chart like this for each one of those categories, each one of those measurements—equipment, training, whatever—could you do that?

Dr. KORB. It's possible.

Senator HUMPHREY. Now I am not asking you to do that, but how would they stack up? Can you take each one of those components and draw little imaginary charts similar to this?

Dr. KORB. Yes. We would need other models besides this one—MICAF. Using the other sources, I would say that the most dramatic improvement would be in personnel.

Senator HUMPHREY. OK.

Now suppose you took the chart that is before us and took out the personnel category. How would it look then?

Dr. KORB. I would say probably the increase would not be as dramatic, but of course this is hypothetical.

Senator HUMPHREY. And if you took out the equipment, then it would be declining?

Dr. KORB. No, I would not say so.

Senator HUMPHREY. Well, those are black bars and they are sort of like black boxes from where I sit. I don't know what is inside there.

Dr. KORB. I think, when you have a turn with the Army, then you can go into much more detail as to what goes in. But our main concern is are they going in the right direction.

MANPOWER STABILITY

Senator HUMPHREY. Let's go to page 22, manpower stability.

We began in 1984 to see a decline in officer stability aggregate. What is happening?

Dr. KORB. I think officer stability was never a great problem, and I don't think that drop is statistically significant.

Senator HUMPHREY. OK.

The second figure is an eye opener. Less than 50 percent of personnel remain with the unit for more than a year. Is that how to read that?

Dr. KORB. Are you talking now about percentage remaining in the units?

Senator HUMPHREY. Yes.

Dr. KORB. Essentially that means that you do turn over, if you count all of your units, about half the people every year. The problem that you face, for example, is like in Korea, which is an unaccompanied tour. That weights it down. If you take Korea, where the people are unaccompanied, and you leave them there for a year, and you take Germany, where they are accompanied, and you leave them there for 3 years, and you average them both out, then you end up with about a 2 year tour in lots of your units.

Senator HUMPHREY. Well, this shows less than a year. How do you account for that?

Dr. KORB. What that means is that at the end of the year, about half the people who were there at the beginning are still there.

Senator HUMPHREY. Does that not then suggest that people are spending less than a year in each unit?

Dr. KORB. No. It means that people are spending an average of about 2 years in the unit.

Senator HUMPHREY. Oh, now I see. That's right.

PROBLEMS IN QUALITY OF ACCESSIONS

Looking now at figure 21 on page 24, are there any recent signs of problems in quality of accessions?

Dr. KORB. Well, what we are beginning to see is that the number of quality people showing an interest in the service who will be coming in in the future is not what it was last year.

For example, February, up to now, and January, have not been as good as they were last year.

Senator HUMPHREY. Did you meet goals?

Dr. KORB. Yes, we have. But we had a delayed entry pool. We had a lot of people in the bank, if you will, at the beginning of the year. I am confident that we will meet our goals in this fiscal year. The problems do not begin to show up for a while.

Let me say a couple of things.

There was no way that we could have maintained the quality in 1984 forever. We succeeded beyond my wildest expectations. So we have to be careful in using that as a measure. But while we are less than we were then, we are certainly nowhere near where we were in 1980.

I talked last night, as a matter of fact, to the head of the Navy recruiting service and I asked him what he made of it. He said that it is hard to tell as it has been so cold in January and February, even in the south, that they don't know if people weren't coming in because of that or all of the other disruptions.

So we are watching it.

Senator HUMPHREY. Maybe you ought to offer as a bonus during the winter months, a week in Florida. [General laughter.]

Well, looking at the upper limit of categories one, two, and three, where would you expect that to be at the end of 1985?

Dr. KORB. At the end of 1985, I am confident that, overall, in the armed services we will be at about 90 percent in categories one through three.

Senator HUMPHREY. Ninety. That is just about where it is.

Dr. KORB. In terms of the number of recruits that we have been taking in—we took in last year about 93 percent of the recruits into categories one through three.

Senator HUMPHREY. On this subject of the manpower pool, you are talking about short-term fluctuations. But it is well known that we are going to face a problem of increasing severity as the pool shrinks in future years.

I have been urging service secretaries for a couple of years to start a policy inititative in the administration to require some military service as a prerequisite for the receipt of student assistance benefits. I know that the services have some rifle shot programs of the kind. But what I am saying is I think, as we get into this condition of the shrinking pool, that in order to maintain the high quality of accessions in sufficient numbers, it seems to me it would be an enlightened approach to require some military service of those who want educational assistance from the Government.

Today, without any military service, young people, assuming their family income falls within the envelope, can get grants and guaranteed subsidized loans and all of that kind of stuff for nothing, essentially, except the promise to pay it back in some cases or categories. That is a pretty good deal.

But I don't think we can afford that. I think, in fact, I am sure, that we could address the shrinking manpower pool situation by requiring some military service.

What do you think of that idea?

MANPOWER POOL

Dr. Korb. I think, first of all, that you must keep in mind that the manpower pool has already begun to shrink. It began in 1979. So we are about halfway through the problem area. And, in spite of the shrinkage, we have never had a better manpower situation.

The second thing I would urge you to consider as you contemplate such a proposal is that the Armed Forces takes in about 300,000 people each year. Even at the lowest point of the manpower pool, you will still have something like 1.5 million males, and then, of course, you will have close to 2 million females.

So you are talking about a situation in which, even at the lowest point, you would only need 300,000 out of about 3.5 million. There are lots of needy youngsters in this country who need and deserve Federal support to go to college whom we could not use in the military. For example, if you take the case of women, only about 12 percent of our recruits, or some 36,000 each year, are female. I don't think we want to put ourselves into a position where we would deny those young women who met all of the other criteria the opportunity to go to college.

Senator Humphrey. Well, that is a valid point in the case of women.

Dr. Korb. I think even with males we would need about 250,000 males each year out of what would be about 1.5 million, even at the lowest point.

I might also point out that a youngster who comes into the service gets a very decent wage. We have many a program that enables the young man or young woman to get money from the government to go to college, such as somebody joining the combat arms in the Army, which is really the only problem we have ever had in recruiting under the All-Volunteer Force.

The Air Force, for example, has never had a problem in recruiting enough people. The only thing is a youngster coming into that under what we have called for the last couple of years the Army College Fund, and under the new GI bill that person can get up to $20,000 to go to college, which is more generous than any educational program. And, of course, if they are reasonably prudent, they can save some of their own money since I think we do pay them a very decent wage.

Senator HUMPHREY. You said, if I understood you correctly, that we are about halfway into this trough or bottleneck.

Dr. KORB. That's correct.

Senator HUMPHREY. Do you think we are going to emerge? Do you think this is not going to be a long-term problem?

Dr. KORB. Yes. We will come out of it in 1992.

Senator HUMPHREY. Is that right?

Dr. KORB. That's correct, because the so-called war babies are now having children, and even though they are having fewer children than their parents and grandparents, there are more of them to have children. And we already know who has been born and who will turn 18 in 1992.

So we are certain that we are going to experience the turnaround.

Senator HUMPHREY. Do you think you can keep your category one, two, and three levels as high as 90 percent through that trough?

Dr. KORB. I think we will never go below in any service 80 percent, which is the congressionally mandated quality and which is higher than the general population. I am confident that our average will be above 80 for all of the services. I think, if you do see some problems, they will be primarily in the Army.

Senator HUMPHREY. What about if not restructuring wholesale the student assistance programs and changing the qualifications, then giving preference to those who have served, to veterans?

Dr. KORB. To a certain extent, and I think this is important to keep in mind, we do give a certain amount of preference, in addition to the programs I already mentioned. The youngster coming out of the service is free to apply for those programs and keep those things that he or she has gotten through earned service. The other thing we have worked out with the Department of Education is you no longer, once you come into the service, are counted as a dependent of your parents for calculation of income. In other words, we are assuming that once you come into the service you, in effect, have become an adult. So then you compete for these on your own merit.

So, even if the youngster moves back home for one year, he or she is not counted as part of the parents' household when they make these determinations.

Senator HUMPHREY. Under those circumstances, do such veterans commonly qualify for student assistance benefits under the Department of Education?

Dr. KORB. I don't know.

All I know is as a result of the President's Military Manpower Task Force, we did work out those arrangements.

Let me make another point which I think is germane to this debate.

We like to keep people in the service, enlisted people. So we have to be careful that we do not give them an incentive to get out. That has been our whole program, that is, to give them enough to enable them to go, if they want, but not make it so attractive that they leave because we need to keep them.

O&M ACCOUNT

Senator **Humphrey**. Let's go to the O&M account. The O&M account is rising by $2.4 billion.

Dr. **Korb**. That's correct.

Senator **Humphrey**. What happens if the Congress does not approve the 5 percent reduction in civilian pay? That will increase mandatory O&M spending by $2.24 billion?

Dr. **Korb**. That's correct.

Senator **Humphrey**. What is going to be the fall-out from that if that scenario is realized?

Dr. **Korb**. Well, if, in fact, that proposal is not accepted by the Congress, we obviously have to pay the pay raise, and we have many alternatives. It depends upon whether that is taken into account when Congress appropriates money for O&M. It depends upon whether you give us the permission to reprogram that from other accounts.

Those are the things we would have to see, you know how they work.

If we do not get that real program growth which is in there now, which is about 3 percent, then, obviously, I think you will see some of our projections in readiness, for example, not be where they ought to be at the end of the year.

Senator **Humphrey**. You mentioned authority to reprogram. From which accounts?

Dr. **Korb**. It would depend. For example, in previous years, up until very recently, the way it used to work with pay raises was the pay raises were submitted separately from the rest of the budget. So, when the number was voted on, the Defense Department would come back the following January with its next year's budget and ask either for a supplemental or for permission to reprogram and then have it come from the particular accounts.

Congress has told the Department in previous years that it ought to absorb 25 percent of the pay raise, say, and it would be up to it as to what account.

It could obviously be taken, then, from any of the accounts, providing the money was not otherwise fenced.

Senator **Humphrey**. What is the likelihood that all of that will come out of O&M in that event?

Dr. **Korb**. I would say that, if I have anything to do with it, very little will come out of O&M.

But, obviously, that will be a recommendation that I will make to the Secretary and that he will make to the Congress.

Senator **Humphrey**. There are not any obvious areas to be picked on, are there?

Dr. **Korb**. No. I think that the real growth in O&M is smaller than the growth in the overall defense budget, and we could have an unbalanced force or lead in that direction if we did.

Senator **Humphrey**. What I am saying is taking it out of the hide of O&M will be the most attractive alternative.

Dr. **Korb**. I would say that in previous years it may have been. But I think, thanks to your leadership in this committee and to others in the Congress, people now know that readiness and sustainability are important things, even though they might not have the natural constituencies that sometimes we associate with procurement programs.

Senator HUMPHREY. That is going to be a tough one. I am on your side in this particular aspect.

UNNEEDED DEFENSE FACILITIES

What about unneeded defense facilities? I realize that those are not near-term savings. In fact, they might be net increases. Is anything afoot in this area?

Dr. KORB. Well, as you know, the Secretary, in testifying before Senator Goldwater, said that because of Senator Goldwater's interest in this area, he would take a look at the facilities and work with Senator Goldwater to provide a list. As far as I know, they are in the process of still talking about that.

But I think the important point is the point that you made: not only don't you save money in the short term; but the problem is, even if you are willing to spend the money to save the money, you have a tremendous number of legal and procedural obstacles that you must go through just to close the base, and sometimes they can take up to 3 years. An example is an environmental impact statement must be filed and commented upon.

Senator HUMPHREY. Well, you have to start somewhere.

Dr. KORB. That's correct.

Senator HUMPHREY. I hope there will be an initiative in that area.

Dr. KORB. I know that the Secretary shares your concern and I look forward to those negotiations with Senator Goldwater being productive.

Senator HUMPHREY. Are there any opportunities for substantially increased contracting out?

Dr. KORB. I think we are moving in the right direction in the contracting out area. The problem that we have is your colleagues in the House have made it very difficult for us at certain periods to study it. They have exempted certain functions. Right now, we must provide to them a list of so-called core logistics functions which we cannot contract out.

We are moving in the right direction. I would like us to move more quickly in that area. I think you share that view. The problem is that legislatively, it is very, very difficult for us to move much more rapidly.

Senator HUMPHREY. Thank you.

We will go now into closed session.

Would you have someone on your side take responsibility for security, Mr. Secretary.

EXECUTIVE SESSION

Senator HUMPHREY. Are you ready to proceed?

Dr. KORB. Yes.

Senator HUMPHREY. Do you have a further statement, Mr. Secretary?

Dr. KORB. No, I do not.

WAR STOPPERS

Senator HUMPHREY. Then let me begin this way. Where are the war stoppers?

Dr. KORB. I think that the war stoppers are in the areas that we have discussed, particularly Army equipment fill and ammunition. Those are the areas that we are most concerned about.

Let me mention one other which I think is important—modern munitions. We are in a situation where we have very modern planes and some old ammunition. In my view, we are not getting the maximum out of those very sophisticated aircraft by using, in too many cases, old iron bombs instead of smart weapons.

Senator HUMPHREY. Again, we will go into these matters in greater detail with the respective services, but I do want to expand upon it a little bit here.

ARMY EQUIPMENT

Let's talk further about Army equipment fill. Is this a problem in Active units?

Dr. KORB. Yes, it is a problem in Active units, though not as great as in the Reserve units.

Senator HUMPHREY. How severe is it in the Active units?

Dr. KORB. Well, when you say "severe," it is a severe problem. What we would have to do now in many cases is rely on the civilian sector to get things like that. I am not confident that the civilian sector can provide them on short notice.

It was much more severe until the Secretary added $2 billion a couple of years ago. Unfortunately, a lot of that money has kind of been lost as the program has not been funded, the overall defense program, has not been funded at the level that we want.

Senator HUMPHREY. You say we might be able to get it from the civilian sector. What do you mean—commandeering trucks, generators, and things?

Dr. KORB. Well, that would be one way to do it. You would have to go to the factories and ask them to produce trucks and stuff that are close to military specifications, buy them off the shelf, for instance.

Senator HUMPHREY. Would you characterize the ammunition problem as being more worrisome than the equipment fill problem, Army ammunition?

Dr. KORB. I would say about equally because, as Senator Dixon pointed out, I think quite accurately, one of our great concerns has to be if we run out of ammunition and we have not achieved our objectives, then what? We are faced with two rather unacceptable alternatives. One is escalation and the other is capitulation. I don't think we would ever want to be in that situation.

But, again, we are moving in the right direction, I think, given the level of resources available and where we started.

Senator HUMPHREY. Can we quantify this in some way? In a NATO scenario, what is the first shortage that would develop in Army ammunition?

ARTILLERY AREA

Dr. **Korb**. I think probably artillery would be the first place you would see it show up.

Senator **Humphrey**. What is our supply as against the requirement?

Dr. **Korb**. Well, I would say in many cases U.S. supplies may be [deleted] days. Ideally, we would like to have [deleted] days. Our realistic defense planning goal is [deleted] days.

Senator **Humphrey**. Is there concern about the condition of this ammunition or just the quantity?

Dr. **Korb**. The quantity is the main concern.

Senator **Humphrey**. The main concern.

Well, is there some level of concern about the condition?

Dr. **Korb**. In the artillery area, not as much. And when you talk about condition, if you talk about age, it still works, but for some you would like to have more modern types of munitions that can do better things.

Senator **Humphrey**. I think there is a lot of political support for doing whatever we can to provide options to nuclear escalation. That is a more and more sensitive issue all of the time.

I would certainly think there would be political support and congressional support for providing this kind of equipment.

Why don't you attack it more aggressively? Why aren't we filling this faster?

Dr. **Korb**. Well, the Secretary of Defense listens to my inputs, to those of his unified commanders, his service chiefs, and they feel that you have to pay some attention to modernization because, if we were to attack this program completely and we did not go to war, we might find ourselves in 1990 with a lot of major pieces of equipment that are obsolete.

Despite what many people view as a high level of defense expenditures, if you look at the situation we got ourselves into in the 1970's, the threat we face and our commitments, we simply do not have the resources that we need.

DEFENSE GUIDANCE TO THE ARMY

Senator **Humphrey**. On page 29 of your classified statement, at the bottom, you make the statement that recent defense guidance to the Army established the following objectives over the 1986 to 1990 program, and so on.

Dr. **Korb**. And I have submitted that statement for the record. Yes, sir.

Senator **Humphrey**. Yes.

[The prepared statement of Dr. Korb follows:]

Prepared Statement of Dr. Korb

Classified Materiel Readiness Section

As I noted in earlier summation, one of the most critical problems affecting Army readiness continues to be shortages of equipment to fill the Army's force structure. [Deleted.] Shortages of major equipment in peacetime translate into sustainability problems in wartime.

Coming out of the Vietnam War, the Army badly needed to modernize its equipment to counter the more effective equipment being deployed by the Warsaw Pact. This modernization program has proved costly. As a consequence, the Army has not been able to afford to modernize fully, procure equipment needed to replace items wearing out, and fill existing shortages. The result has been that, except for a few of the most important items, equipment fill has not kept pace with modernization objectives.

[Deleted.]

Recent Defense Guidance to the Army established the following objectives over the fiscal year 1986–90 program: [deleted]. In terms of materiel inventories, the Army should not be considered ready until these objectives are achieved.

In recent years, the Army has had difficulty achieving even the first objective shown in figure 23 (critical unit equipment shortages). In recognition of this situation, the Secretary of Defense added $536M to the fiscal year 1984 budget to begin filling the shortfalls. Unfortunately, the Congress deleted $221M of this funding. In addition, restrictive language in the fiscal year 1984 Appropriations Act regarding filling POMCUS sets 5 and 6 makes it conceivable that equipment will be distributed to lower priority units [deleted], while elements of the D-Day force associated with POMCUS sets 5 and 6 lack critical prepositioned equipment.

In fiscal year 1985 there were no explicit additions by OSD to the budget submitted by the Army; however, the Congress again reduced procurement by $546M in the Weapons and Tracked Combat Vehicles and Other Procurement, Army, accounts.

During the fiscal year 1986 Program Review, uncertainties surrounding what specific procurements were most needed to help improve Army equipment fill readiness led to the establishment of a joint OSD/Army/JCS study. The near-term findings and conclusions of this study group served as a basis for Secretary Weinberger to add $200 million to the Army budget for critical equipment needs.

The Army equipment shortage problem is long-standing and cannot be solved in only a few years. Despite the resources applied against this problem by the Reagan administration in the past few years and in the fiscal year 1986 budget, much remains to be done.

In addition to the funding in the fiscal year 1986 budget, eliminating most of the critical item shortages to meet objective (1) and (2) would cost at least $2.7 billion. I say at least because this estimate was made assuming an "optimum" distribution of future equipment deliveries. For many reasons, this "optimum" distribution is unlikely to happen. These shortages do not include $546 million that the Congress cut from Army equipment procurement affecting readiness in the fiscal year 1985 budget.

Much of the OPA equipment currently short is needed to equip combat service support units [deleted]. Most of these units are in the Reserve components and currently report low equipment fill. These units lack substantial amounts of mundane—but highly important—equipment, including trucks, radios, engineer equipment, and generators. In addition to equipment shortages, old and obsolete equipment in Reserve component units would cause serious wartime support problems and operational difficulties, particularly in the communications area. Our fiscal year 1986 budget request would reduce shortages in these critical areas. We need the support of the Congress if we are to have any success in accelerating the attainment of Army's equipment goals.

FIGURE 24.—MISSION CAPABILITY

	Goal	fiscal year—					
		1980	1981	1982	1983	1984	
Army (FMC):							
Aircraft	75	66	66	68	70	71	[Deleted]
Fire support artillery	90	88	88	90	90	89	
Fire support missile systems	90	91	91	96	95	94	
Tanks	90	86	86	87	87	87	
Combat/combat support vehicles	90	88	86	85	86	88	
Navy (MC):							
Total aircraft [1]	73	59	59	63	66	70	
Fighter/attack aircraft [1]	68	53	53	57	60	63	
Air force (MC):							
Total aircraft	75	66	65	67	68	71	
Fighter/attack aircraft	74	62	65	66	69	73	
Marine Corps (FMC):							
Artillery	85	88	88	86	90	89	

FIGURE 24.—MISSION CAPABILITY—Continued

	Goal	fiscal year— 1980	1981	1982	1983	1984	
Missile systems	85	94	93	93	94	86	[Deleted]
Tanks	85	86	84	88	90	87	
Combat vehicles	85	84	83	82	86	82	

[1] Includes Marine Corps Aircraft

I would like to conclude my testimony by returning to the discussion of MC rates. Figure 24 is the classified version of Figure 11; it is classified because it contains projections of MC rates for fiscal year 1985 and fiscal year 1986. [Deleted.]

Mr. Chairman, this completes my classified prepared statement on readiness and sustainability. I will answer any questions the committee may have at this time.

Senator HUMPHREY. 1986 is the first year of that 5-year plan. Have you some way of measuring the progress you are making? Are we getting 20 percent of it done in 1986? What effect has this defense guidance had on the Army?

Dr. KORB. What it does is this. This guidance came out about a year ago, and during the programming phase of the budget, we were able to use this as a yardstick to determine if, in fact, the Army budget was doing the right things. Essentially, what we said was that these are things you ought to be doing over the period, and if you are not doing them, then the Secretary of Defense wants to know why you are not doing them.

Senator HUMPHREY. Well, given the fact that we are working on the first year of that budget, at the end of fiscal year 1986, will we have made progress in these areas?

Dr. KORB. Yes, we will if our budget is accepted as intact.

Whether we achieve where we want to be at the end of the 5 years depends upon the level of funding we get as well as the changes that are made in the budget. But, yes, as I took a look at it, based upon where we think the defense program would be over the 5 years, we would need about $2 billion more in the defense budget or the Army budget to meet those goals by 1990.

This is based upon this year's budget that we have presented plus the 5 year projection based upon this particular budget?

Senator HUMPHREY. You would need $2 billion more in the 1986 budget?

Dr. KORB. No, over the 5 years.

Senator HUMPHREY. Have we made up some part of that $2 billion in 1986?

Dr. KORB. Yes, we have.

Senator HUMPHREY. What part of it?

Dr. KORB. I would say probably we have about—well, before the 1986, we were probably close to about $2.5 billion short; so we made up about $500 million. But, as we project out, based upon the numbers that we have—because remember that this guidance was put out a year ago, and a year ago at this time our program for defense for 1986 talked about a $346 billion budget. The congressional budget resolution told us we would be somewhere in the neighborhood of $320 billion, and we came in at $313 billion.

MISSION CAPABILITY RATES

Senator HUMPHREY. Let us resume the discussion of the mission capability rates, figure 25.

The first one that shows a reduction is the Army fire support missile systems.

What is that all about?

Dr. KORB. In the Army fire support missile systems, we have, or at least in my figures it shows that we went down in 1985, and we expect to stay level in 1986. So it is not a drop.

Again, we are above the goal. The goal is 90 percent in that particular area.

Senator HUMPHREY. Very well, then. All of them show level or improvement in 1986.

Dr. KORB. That's correct.

I think it is important to keep in mind that those are based upon the budget as submitted, and, therefore, I was very heartened by your statement about supporting these areas because this will enable us to keep where we should be.

Senator HUMPHREY. Figure 16, from your unclassified statement, may we go back to that. Can you expand on this so that we can have some better understanding of what we are looking at? What does this mean, practically speaking?

Dr. KORB. Well, what I think this means is that back in 1980, overall, the Department of Defense would have been lucky to sustain a war for [deleted]. It would have been very lucky.

What we are talking about now is we can go roughly for [deleted] and then, if we continue on the present track, we will be close to [deleted] by the end of the decade.

Senator HUMPHREY. For which of the forces?

Dr. KORB. On the average.

NAVY IN WORST SHAPE

The Navy, back in 1980, was in the worst shape. We only had approximately enough modern ammunition to fully load, if you will, five of the carriers. So now we are getting pretty close [deleted]. We would hope, by the end of the decade, to have all 15 carriers equipped.

That is why you see the largest growth in the Navy, because they had the furthest to go.

Remember, this is based on 1980. In a certain sense, it might be a little bit misleading, but we had to do this to present it in an unclassified form.

ARMY SHOWS LITTLE PROGRESS

Senator HUMPHREY. Again, following on Senator Dixon's observation, the Army is making very, very little progress.

Dr. KORB. I think, if you take a look at the area of munitions, that is true, because of the fact that the Army is undergoing a much more drastic modernization in the 1980's than the other services. This is simply a price that we have had to pay for that.

Senator HUMPHREY. Let's examine that a little bit as the last item.

We are going through a procurement bulge of weapons that were ordered even prior to this administration. When does this bulge return to normal proportions for each of the services? Or does it?

Dr. KORB. Our original intent was that this would be the last year of the buildup in our original 5-year program. Our 1982 to 1987 program talked about a defense budget just basically keeping pace with the Soviets after the buildup.

As you well know, for a number of reasons we have had to not fund a lot of the particular programs, not get the money we thought we would have. So right now you are talking about through the end of the decade.

I would say that if we can keep real increases in the defense budget on average at 4 percent between now and the end of the decade then this, if you will, abnormal type of situation and the Soviets stay where they are now, then we will be able to return to a more normal, if you will, type of situation.

Senator HUMPHREY. "Normal" being characterized as what percent of real growth per year?

Dr. KORB. I would say basically keeping up with whatever the Soviets are doing as a rough rule of thumb.

Senator HUMPHREY. I did think of one further last item.

MILITARY RETIREMENT SYSTEM

As you know, there is some sentiment for looking at the military retirement system. The conventional wisdom is that any tinkering with the retirement system, phasing in a required period of service of 25 years or whatever, would have a serious effect on recruitment.

Is that correct?

Dr. KORB. No.

Senator HUMPHREY. It's not correct?

Dr. KORB. The retirement system has no impact on recruitment.

Senator HUMPHREY. What about retention?

Dr. KORB. Retention is where you would have a problem.

I think this is very important because a lot of people will say look, you have less people showing up at the recruiting stations, therefore we cannot change the retirement system.

When a young man or young woman is 18 years old, he or she does not ever think of being 40. It just does not have any impact.

What they are looking for is what are you going to give them now, what type of training, what kind of experiences can they have.

Senator HUMPHREY. So, then, the conventional wisdom is that it would seriously affect retention. That is a logical argument. But how do we know?

Dr. KORB. Well, what you see is this. When a person passes his second reenlistment—in other words, he joins for 4 years and reenlists once—and has 8 years in, he has to make a decision. The fact that he can get out at 20 years with a comparatively— and I want to use the term carefully—generous or substantial retirement enables him to put aside the normal draws that he has at that particular time. Normally, what happens is by the time he has been in for 8 or 10 years, he is usually married, has a couple of dependents, and his spouse says I don't want to go back to Europe, the children are in Montgomery County schools, or something like that. They could be up in your neighborhood at some of the fine schools of Pease Air Force Base and would not want to go to Ramstein, or somewhere. Or the spouse may say I don't think you ought to go away to the Indian Ocean for 6 months, so why don't you get a job with one of the high tech firms around Route 128, and you can even make more money.

I think the individual can then say look, I know this is going to be tough, I know it is going to be hard, but if I can hang on for 10 more years, then I can do something else and we will have some money that will help us live a little better.

That is where you will see the impact.

Senator **Humphrey**. I take it that you oppose any change in the retirement program?

Dr. **Korb**. Well, no. My position on retirement is this.

First of all, if you are going to make any changes, you have to grandfather them. I don't think it is fair to a person who has made his life's decisions based on certain assumptions, and by that I mean any structural changes, such as no longer allowing people to retire after 20 years.

Senator **Humphrey**. There are no short-term savings in this, then.

Dr. **Korb**. No, there are not.

There are some short-term savings, however, because we are now on an accrual basis. So our contribution to the Treasury would be less, and they would show up right away.

MILITARY COMPENSATION SYSTEM

Now the second thing I think we have to do if we are going to do something to the retirement system is not look at the retirement system in isolation, but look at the system as a whole, the whole compensation system. This is because you are not just dealing with retirement. That young man or young woman also looks at what you are giving him or her now.

If we look at it in a totality and look at the type of force that we want, then I think we have a much better basis for assessing any particular type of changes that people propose.

Now, as you know, we were charged by the Secretary and the President to take a look at the compensation system and suggest things that we might do to the retirement system. This was the quadrennial review of military compensation. This report has been forwarded to the Congress.

What we found in that was that the individual would accept a smaller retirement at the end of 20 years and less protection against inflation if, in fact, he or she were given what we called an early withdrawal at that particular point from their retirement fund.

The fear was if that proposal were sent up, somebody would say well, let's cut back the amount that you get, let's take away the COLA protection, but we won't vote this early withdrawal as it is not politically possible.

So I think we have to look at it as a totality.

I would urge that if the Congress, if this committee, takes a look at it, that we look not just at the retirement system, but look at the total compensation system and recognize that, in order to be fair to the people in the system, we would have to grandfather.

As you mentioned before in the area of base closures, I think one has to start someplace or else for your time in office and my time people will keep on saying well, what are we going to do about it.

Senator HUMPHREY. That's true.

Focusing again on the retirement thing, laying aside the economic and fiscal considerations, has there been any study of the implications of an aging—not that there would be much of an increase in age, but there would be some increase in aging? There would be an aging of the Active Forces. Is that important?

Dr. KORB. Well, beyond a certain point it becomes important.

Senator HUMPHREY. Let's say that instead of allowing people to retire as early as 38 we said they could not retire before 25 years of service for age 43. That is not a big deal, is it? Are people retiring in advance or at their professional peak today?

Dr. KORB. Let me make a couple of points about that because that is a very important consideration.

If people had to wait at least 25 years before retiring, the aging would be negligible. There would be no real concern about whether people are vigorous to do what they need to do. By and large, given the introduction of modern technology, there are not a great many people involved in what we would consider to be hand-to-hand combat.

Assuming that the 25-year retirement did not force the people out at the 8 or 10 year point—that is a consideration we would have to take a look at. It might be when you are 28, you will say I have to wait 15 or 16 years, and the spouse may say oh, that is too long, where 10 would be the right number.

One of the things we found, and this surprised me when we did the analysis, is that it is in the Government's interest that, if a person will retire, in other words, he will reach that 20 year point, that he leave at 20 years, financially. This is because what happens is if the person stays, an officer, for example, normally he would get one more promotion and he would get pays raises at 22 and 26 years, and, in effect, every year of service costs the Government more. That includes even the extra training costs.

So, on the average, if the person is going to retire, it is better for us that they leave at 20, rather than staying around till 30, getting more money from the Government.

Senator HUMPHREY. Are you saying that it is better to have a short retirement?

Dr. KORB. What I am saying is that if a person leaves at 20 years at 50 percent of base pay, it is cheaper for the Government than if that person had stayed 25 or 26 years because he would be getting more from the Federal Government. He would cost us more because each year of service then would have a higher value because you are still earning retirement credits.

Senator HUMPHREY. I see.

None of this is classified. I just did not think to bring it up earlier.

Dr. KORB. Well, I am happy that you brought it up in closed session. I can tell you that. [General laughter.]

Senator HUMPHREY. Thank you, Mr. Secretary.

Dr. KORB. Mr. Chairman, again I want to say what a pleasure it has been working for you the past couple of years. I think this committee certainly has done a very remarkable job in making readiness and sustainability household words.

I would urge you to continue to do that because I think that is very important.

Senator HUMPHREY. Thank you.

We have enjoyed working with you.

I hope that the changes are not going to diffuse the emphasis now that readiness will be handled by two—did you say two or three individuals?

Dr. KORB. The person who has the installations and logistics part will have lots of the things you have been takling about today. The other person will have the manpower. So you will have nobody who will look at all of the indicators together.

The Secretary of Defense will be the person who integrates the balances from those considerations.

Senator HUMPHREY. Very well.

We have some questions for the record for you.

[Questions with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR DAN QUAYLE

PAN AM GAMES

Senator QUAYLE. Dr. Korb, as you may be aware, the city of Indianapolis is slated to host the 10th Pan American Games in 1987. Officials in Indianapolis planning the games are justifiably concerned that there may be shortfalls in the ability of local law enforcement agencies to provide adequate security regarding possible international terrorist activity. There will also be rather extensive requirements in the areas of communications support and logistics given the size of such an event.

I am aware that there is precedent for the Defense Department's providing support in these areas given previous assistance provided to the 1984 Summer Olympics in Los Angeles, the 1980 Winter Olympics in Lake Placid and the 1979 Pam Am Games in San Juan. Would the Defense Department be willing, given the proper authority and funding by the Congress, to provide similar support to the 1987 Pan Am Games in Indianapolis?

Dr. KORB. The Department will gladly assist the city of Indianapolis in whatever way we can under the constraints of the law. Commanders of local installations are authorized to assist local communities using base resources as long as assistance does not affect military readiness or compete with commercially available services (DOD Directive 5410.18). As you are probably aware, our assistance to the 1980 Lake Placid Games and 1984 Los Angeles Olympic Games was authorized by the Congress, which allowed DOD to provide far more extensive support than would otherwise be possible.

Senator QUAYLE. Generally, what kinds of support has DOD traditionally provided to these International sports events?

Dr. KORB. In 1980, our assistance to the Lake Placid Games included: medical support for the athletes and emergency air evacuation, communications support to the Lake Placid Olympic Organizing Committee [LPOOC], intrusion detection systems, generators and ceremonial support. Just over $5 million of the $12 million appropriated by Congress for fiscal years 1978 and 1979 was expended.

Congress authorized and appropriated $50 million in Fiscal Year 1984 for DOD support to the Los Angeles Games. DOD assisted law enforcement agencies responsible for the provision of security in the areas of: aviation, communications, intrusion detection, explosive ordnance detection and miscellaneous security equipment items such as barriers, lights and night vision devices. Final expenditures are expected to be approximately $32 million. Any DOD assistance to the Los Angeles Olympic Organizing Committee was provided, at their insistence, on a reimbursable basis only.

Senator QUAYLE. Could you tell us specifically what is required of the Congress to permit DOD to provide such support?

Dr. KORB. DOD cannot assist the 10th Pan American Games in Indianapolis more extensively than is currently possible through the DOD Directive mentioned, unless the Congress specifically authorizes such support and appropriates requisite funds.

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

MILITARY PAY

Senator LEVIN. Dr. Korb, in his press release announcing the fiscal year 1986 Defense budget request, Secretary Weinberger stated: "Military pay is more comparable with the private sector...." Can you explain the contradiction between that statement and the information provided by your office, which is in charge of all manpower affairs for the Pentagon that:

Under this same budget request, military pay will be further behind the statutory comparability standard (PATC—Professional, Administrative, Technical and Clerical Index) than at any time in the last 11 years? In fact, it will lag behind civilian pay by a full 13.4 percent, even with the pay raise accelerated to July, 1985.

Under an alternative measure of comparability with the civilian sector, the Employment Cost Index used by the Administration because it appears to reduce this gap between military and civilian pay, that this gap also is the largest than at any time in the last 11 years—9.6 percent, even with the July pay raise?

Dr. KORB. The quote attributed to Secretary Weinberger cannot be found in the transcript of the press briefing he held to announce the release of the fiscal year 1986 budget.

As a result of three consecutive 4 percent pay caps, the gap between military and private sector wage levels has widened. However, other factors have helped to offset the impact of those pay caps. Inflation has been held down to around 4 percent, as opposed to the double-digit inflation experienced at the time this administration came into office. The lower inflation rate, combined with the administration's tax cuts, have preserved the buying power of service members.

The alternative measure of comparability, the ECI, is used not because it appears to reduce the wage gap, but because it is a more accurate comparison of military and private sector wage levels. The ECI represents the wage movement for about 88 million workers in the country, and the occupations in the index cover about 70 percent of the military force. It insures that military personnel would receive pay raises that are no more or no less than comparable private sector workers in the country. It is more fair, both for the military member and for the taxpayers. The Department of Defense has supported the use of this index since 1982.

Senator LEVIN. Navy Secretary John Lehman called the administration's requested pay increase for the military in July of only 3 percent "woefully inadequate." Aren't we underfunding this critical component of readiness and the one which accounts for much of whatever readiness gains we have made in the last five years?

Dr. KORB. There can be no doubt that improvements in military compensation in the last 5 years have had a positive impact on our readiness gains. The "catch-up" pay raises of fiscal years 1981 and 1982 were especially important in making the military more competitive in the manpower marketplace. In recognition of fiscal realities, we are asking for only a 3 percent pay raise for fiscal year 1986, which is less than half of what we had originally intended to request. However, to partially offset the impact of the lesser pay raise, we are asking Congress to make it effective one quarter early, July 1, 1985. In terms of cumulative wages, this will have almost the same effect as a 4 percent pay raise effective October 1, 1985. In addition, we are asking Congress to approve other elements of compensation in order to improve the overall quality of life of our servicemembers. Permanent change of station [PCS] improvements that we are requesting for fiscal year 1986 include increases in household goods weight allowance, funding for temporary lodging expense [TLE], and a travel allowance for dependents of junior enlisted members in CONUS. We are also considering legislation to implement recommendations of the 5th QRMC designed to improve special and incentive pays and survivor benefits.

As important and necessary as these other improvements to the total compensation package are, we cannot expect them to totally offset the impact of consecutive pay caps. With the economy improving, and youth unemployment decreasing, future pay caps are certain to have a negative impact on retention. It is crucial, therefore, that we provide pay increases in the next several years which exceed the projected private sector wage growth in order that the pay comparability gap be reduced and eliminated before we lose the impressive gains we have only recently made.

Senator **Levin**. The Army is beginning to become concerned about whether it can meet its future manpower needs, as is the Navy. New contracts for the Delayed Entry Pool of recruits are declining; some retention rates are beginning to go down. The Navy is beginning to see a massive loss of pilots to the private sector and is considering paying $36,000 bonuses to try to stem this; the Air Force's reenlistment rate overall dropped by 7.4 percent and for first-term reenlistments dropped by 9.3 percent, for the first quarter of fiscal year 1985 compared with the same period for fiscal year 1984. Are you concerned about these developments? How do you reconcile this concern with a budget request permitting such a lag in comparability between the military and civilians?

Dr. **Korb**. Obviously we are concerned with the developments that have been described. The recruiting environment has become more difficult due largely to reduced unemployment, the declining supply of eligible young men and women and increased competition from the private sector. We have included a request for additional recruiting resources in the fiscal year 1986 budget that we believe will enable all the services to meet their enlistment objectives. Four consecutive pay caps will no doubt have a negative effect on retention. But in light of Government-wide efforts to reduce the Federal deficit, fiscal responsibility dictates that we allocate our resources in a manner which will prove most beneficial. Aviation Career Incentive Pay [ACIP], supplemented by Aviation Officer Continuation Pay [ACCP] offered to certain sea-based aviators, and enlistment and selective reenlistment bonuses (EB's and SRB's) paid to enlisted personnel, are most cost-effective for recruiting and retaining personnel in hard to fill specialty skills. In view of our concern that enlisted retention, especially in critical skills, remain at satisfactory levels, we have expedited implementation of the statutory provision that raised the ceiling on individual SRB awards to a maximum of $30,000. We hope that the enhanced value of the SRB and the added emphasis placed on other incentives will assist in retaining our trained resources. However, because the size of SRB's is tied to basic pay, continued pay caps will eventually erode the value even of this crucial retention tool. This only proves once again the far-reaching effects of pay caps, and points out the necessity for reducing, and ultimately eliminating over the next several years, the gap between military and private sector wage levels.

Senator **Levin**. How much more funding would have to be added to the fiscal year 1986 budget to restore comparability? To cut the gap between military and civilian pay in half—based on the PATC, and on the ECI?

Dr. **Korb**. To restore comparability, assuming approval of the 3 percent pay raise July 1, 1985:

PATC: $8.669 billion (gap: 13.4 percent).

ECI: $6.211 billion (gap: 9.6 percent).

To cut the gap in half, assuming approval of the 3 percent pay raise July 1, 1985:

PATC: $4.076 billion (6.3 percent raise, reduces gap to 6.7 percent).

ECI: $2.976 billion (4.6 percent raise, reduces gap to 4.8 percent).

The fiscal year 1986 gap is computed using an OMB projection of 5.6 percent private sector wage growth. The ECI increase for March-December 1984 (three-quarters of the 1 year ECI measurement) is 3.2 percent. Based on this, we estimate that the ECI for March 1984–March 1985 will be at least 1 point less than the OMB projection. If so, the amount of funding needed to restore comparability in fiscal year 1986 would decrease.

Senator **Levin**. Dr. Korb, it has been alleged by some that our spending on defense is somehow less productive because we pay higher personnel costs than do the Soviets.

Every general who comes before us, however, says that the high quality of our personnel is a key factor in whatever military advantage we might have over the Soviets. This is one of the main reasons none of the members of the Joint Chiefs of Staff would trade his service for its Soviet counterpart.

Do we get anything for our larger spending on personnel in terms of increased military capabilities? Are we stronger militarily because we spend more on personnel than does the U.S.S.R. or its Warsaw Pact allies?

Dr. **Korb**. First, I would argue that our spending on defense is more, not less, productive than is the Soviet Union's expenditure, and that a major reason is our manpower and personnel policies.

The Soviet Union is a totalitarian country, and a major portion of its armed forces is conscripted. Hence, the low pay offered to these conscripts understates the real cost to the Soviet economy of that manpower.

The United States, on the other hand, is a democratic society with a volunteer armed force. We must compete directly with the civilian sector for manpower, and the personnel costs which appear in our budget approximate the real cost to the civilian economy of the manpower devoted to national defense. We must offer a competitive wage, consistent with the American economy and the overall standard of living in the United States.

Because we pay the true price for manpower in our defense budget, rather than an artificially low draft price for manpower, we are encouraged to be economical in the use of Defense manpower. Hence, I would argue that our volunteer system of manning our armed forces results in a more productive use of defense resources. Now, the typical American worker is more productive than the typical Soviet worker. Hence, when we attract an American into our Armed Forces, the cost to the civilian sector in terms of the output of goods and services that the individual could have been producing is greater than the output foregone by the Soviet economy when an additional person is conscripted. This is simply because the American worker is more productive. Our volunteer system of recruiting, however, ensures that this cost is as small as possible, and that we make efficient and economical use of defense manpower.

Are we getting our money's worth? I heartily agree with the Joint Chiefs, we are definitely getting our money's worth. In the last few years, we have been successful in attracting the number and quality of people we need, due largely to the restoration of military pay to competitive levels. Moreover, we are retaining people at higher rates, which provides us with a more experienced force, and one in which we obtain a greater return on our training investment. Our manpower and personnel policies have allowed us to maintain a stable, experienced and well-trained force, and at a much lower cost than would the Soviet system.

DEPOT MAINTENANCE BACKLOGS

Senator LEVIN. Dr. Korb, almost 3 years ago, the administration promised to eliminate depot maintenance backlogs for the services. Your own reports have stated how important depot maintenance of major equipment is to maintaining combat readiness.

Why, then, does the fiscal year 1986 budget show that the unfinanced hardware depot maintenance backlog is expected to grow by about 86 percent between fiscal year 1983 and fiscal year 1986—from $297.7 million in fiscal year 1983 to $554.7 million?

The fiscal year 1986 figure is almost as high as the $586 million backlog in fiscal year 1980 and almost twice as much as the fiscal year 1981 backlog of $287 million. (Data from DOD's comptroller.)

Why are you underfunding this important readiness account?

Dr. KORB. Based on the Materiel Readiness Report, in fiscal year 1980, 84 percent of the DOD depot maintenance requirement was funded. In fiscal year 1986, 96 percent funding is requested. This trend is clearly one of support for this important readiness program.

It is true, our fiscal year 1986 funding request is 96 percent of the DOD requirement versus fiscal year 1985 funding of 98 percent. This 2-percentage point difference is not, however, expected to measurably degrade readiness, and reflects that we are operating in a fiscally constrained environment. Since we held our real growth to 6 percent in the fiscal year 1986 budget, we were forced to make some hard choices and could not fund depot maintenance at the levels we would like. However, backlogs will only be allowed to accrue for those end items and components that are considered least essential to readiness.

Senator LEVIN. The Army's hardware depot maintenance backlog declines from $16 million in fiscal year 1985 to $11 million in fiscal year 1986. However, the reduction to such a low number in fiscal year 1985 came about mainly through a congressional add-on of $144.7 million, not as part of the administration's request.

The $11 million backlog in fiscal year 1986 could be seen as a positive sign, until one looks at the rest of the administration's fiscal year 1986-90 program, when growth and continuation of a large backlog clearly seems to indicate inadequate readiness funding. Fiscal year 1987, the backlog jumps to $157M; fiscal year 1988 it jumps to $169M; there is only a slight dip in fiscal year 1989 to $142M.

In addition, another critical component of the overall depot maintenance program—"Maintenance Support Activities"—shows drastic underfunding in fiscal year 1985 through fiscal year 1989: fiscal year 1985 it's $285M; fiscal year 1986—slight dip to $230M; fiscal year 1987—$228M; fiscal year 1988—$235M;fiscal year 1989—$179M.

Don't these statistics from the Army show that, without congressional add-ons, little progress is being made in reducing depot maintenance backlogs over the administration's 5-year defense program, and that this critical readiness enhancement program is sorely underfunded as far as the Army is concerned?

Dr. Korb. In fiscal year 1986, we have requested funding for 99 percent of the requirement. The funding figures quoted for fiscal year 1987-89 are not official and do not necessasrily reflect how funding will be allocated in budgets for fiscal year 1987 and beyond. The Army has yet to put together its fiscal year 1987-91 program; as it is not due until late May. Final decisions on the fiscal year 1987 funding request for depot maintenance will not be made until November/December. Army depot maintenance is, has been, and will continue to be, an important readiness program; and will be adequately funded.

Maintenance support activities are not part of Army depot maintenance. Since maintenance support activities do not have a direct impact on readiness, they have not received the same funding priority as depot maintenance.

Senator Levin. The Navy's depot maintenance backlog for hardware shows it will grow by almost 80 percent from fiscal year 1985 to fiscal year 1986—from $268.8M to $483.7M; and that the fiscal year 1986 hardware backlog is 25 percent larger than the fiscal year 1980 backlog and 157 percent larger than the fiscal year 1981 backlog. (This data comes from DOD's comptroller.)

Your Materiel Readiness report shows an even larger backlog in fiscal year 1986—$587M, a growth of about 77 percent from the fiscal year 1985 figure of $332M.

How can you claim this is not underfunding Navy readiness?

Dr. Korb. Based on the Materiel Readiness Report, in fiscal year 1980, 78 percent of the Navy Depot Maintenance requirement was funded. In fiscal year 1986, 93 percent funding is requested. I would not call this trend one of under funding Navy readiness.

In fiscal year 1985 the funding is 96 percent of the requirement versus 93 percent in fiscal year 1986. This three percentage point difference is not expected to measurably degrade readiness, and reflects the fact that the fiscal year 1986 budget submission is an austere one. We had to make some very tough choices in developing the balanced, fiscally constrained program that we submitted. Furthermore, backlogs will only be allowed to accrue in those end items and components that are considered least essential to readiness.

O&M VERSUS PROCUREMENT

Senator Levin. The administration claims that its defense budgets have struck the proper balance between investing in new weapons, especially big-ticket item procurement, and in the readiness accounts (including spares and ammunition procurement). It claims that its budgets have been properly balanced between spending on our conventional forces and spending on our strategic nuclear forces.

How can you justify these claims (regardless of how "relatively" small a percent of the total DOD budget is reflected by strategic programs) when the cumulative real growth between fiscal year 1981-84 for strategic forces spending was 81 percent, with an annual average real growth of 27 percent, and it was cumulatively only 28 percent for conventional forces spending, with an annual average of only 9 percent, according to CBO calculations?

Dr. Korb. A properly balanced budget does not necessarily imply that all areas in the budgets receive a proportionate share or proportionate growth. We are seeking a certain level of military capability as driven by the potential threats that we face. Back in fiscal year 1981, our strategic forces were in far worse condition, relative to the threat, than our non-strategic forces. Thus the strategic area required proportionately higher funding increases in order to get closer to the desired balanced program.

SUSTAINABILITY

Senator Levin. Dr. Korb, in a series of interviews reported in the "New York Times" and in the "Washington Post" in August, 1984, you made several statements relative to the readiness and sustainability of our fighting forces.

For example, you stated:

The U.S. could fight a conventional conflict of the intensity of World War II for at least 30 days with the supplies on hand (twice as long as four years ago); a "6-day war" type conflict intensity in Europe for 30 days; and using older munitions in war reserves, this could be extended to 45 days; and a Korean War or a war in the Persian Gulf for 30 days.

This sustainability would double by 1990 if Congress approves President Reagan's military budgets.

Relative to personnel, 4 million people (2.1 million on hand, 1.5 million in the reserves and the remainder from retired personnel) could be under arms in a matter of days.

We have the capability to get 10 divisions to Europe in 10 days.

These statements presume that sufficient on-hand stocks for CONUS and forward deployed units are reasonably close to wartime requirements, war reserve materiel is stored in the right mix and quantities; the reserves and retired personnel are locatable, and sufficiently trained and equipped; and, that we have sufficient air and sea lift capability to move reinforcements to the theater of battle.

Based on recent reports from the General Accounting Office and Army data and your recent Warfighting Capabilities Report, how valid are these presumptions:

(a) The war reserve stock fill rates, if viewed by class of supply and location, do not indicate an ability to sustain combat operations for 30 days anywhere in the world. Not only do the aggregated stockage levels show extreme shortages, but problems in the mix among and within classes of supply exist. In light of this, I presume your statements regarding lasting 30 days anywhere in the world assumes that stocks held in other theaters and in the U.S. would be relocated to the area of combat. What plans are in place to effect this transfer?

Does the air and sea lift capability exist to transfer these stocks considering the limited air and sea lift capabilities that exist now and the competition for such lift for moving people and equipment to the theater of conflict?

For each service, and for potential contingency areas in Europe, Korea, and the Persian Gulf, how long can we sustain considering stockage levels and the mix of stocks?

Finally, would DOD shift such stocks recognizing the potential for a multi-theater conflict?

Dr. **Korb**. I believe that we can sustain U.S. forces for [deleted] days in Europe or Korea with our current stockpiles. Of course there will be local shortages of some specific items and rationing will be required, but this will always be the case. Being able to sustain combat for [deleted] days, however, is hardly something that we should brag about or feel comfortable with; that is why we are pushing very hard to bring our posture up to [deleted] days, prepositioned in each of the three contingency areas—Europe, Korea, and Southwest Asia. When that posture is achieved—about [deleted] if we are able to execute our current program—the question of lift between theaters during that most intense period will be moot.

The force projection programs contained in the defense program are not designed with the intent of airlifting prespostioned supplies from one theater to another. We are attempting to preposition adequate supplies in each major theater to support early arriving forces until sealift can arrive. Of course, we cannot preposition everything that will be needed, so some movement of supplies from CONUS by air is provided for.

The increased use of container ships in the U.S. flag fleet has eased the resupply problem somewhat. Prior to their use the U.S. flag ships were predominately break bulk and both the deploying units with their equipment and follow-on supplies competed for the same ships. Under these conditions, response times could be decreased by prepositioning supplies in the theater and using all the shipping to move units and their equipment.

Today's container ships can carry only a limited amount of unit equipment, but a large percentage of resupply and ammunition. Since deploying units do not compete for these ships, it is now possible to move units and their supplies at the same time which decreased our prepositioning requirements in all theaters. Thus, lift does exist to move both equipment and resupply stocks.

As to whether or not the DOD would shift stocks between theaters, recognizing the potential for a multi-theater conflict, I can only say that there exists a group under the direction of the Joint Chiefs of Staff, called the Joint Materiel Priorities and Allocation Board (JMPAB), whose function it is to make those decisions at the time it becomes necessary. It is impossible to say in advance and in an undefined, hypothetical situation what the decision of that group may be.

Senator **Levin**. As above, part (b): How will the sustainability shortages be overcome through the approval of the President's budget in fiscal year 1986 and fiscal year 1986–90 program?

War reserve stocks always are afforded a lower priority relative to other investment account priorities. In the list of DOD priorities, sustainability is something that will be achieved "later," after equipment and readiness. For the record, what levels of sustainability will be achieved under the President's plan—provide this by class of supply, by theater, and by service?

Dr. Korb. Our 5-year program is designed to achieve a [deleted] level of sustainability by the end of the decade. In the aggregate sense, I believe that we will achieve that objective. That does not mean, of course, that we will have a [deleted] supply of every item in the inventory, but with substitution and some rationing of shortages, I think that we will be able to support U.S. forces for that period of time. As my office does not maintain a data base with the kind of detail necessary to provide specific numbers by class of supply, by theater, and by service, we will have to furnish that data as it becomes available.

AIRLIFT AND SEALIFT CAPABILITIES

Senator Levin. As above, part (c): What are our current air and sea lift capabilities relative to supporting a conflict in Europe, Korea, and the Persian Gulf?

Based on DOD planning, rather than express this in short-ton equivalents, translate this in terms of people and equipment and days of sustainability. For example, what are the requirements in "day-to-day" increments for people and equipment and what is our capability in these same terms to meet our needs?

Dr. Korb. Senator Levin, the Defense Department utilizes the Joint Strategic Planning System and the Planning, Programming, and Budgeting System to assess our capability to deploy forces by air- and sealift in a global conflict. Requirements are based upon an illustrative force planning scenario with global war originating in Southwest Asia (SWA), followed by conflict in Europe and Northeast Asia (NEA). This system provides adequate review to insure that the assessments adequately reflect our capability. Our ability to deploy forces in any one theater is constrained by resource limitations and commmitments to other theaters where operations are occurring concurrently. This system indicates that we fall consistently short of our objectives and must continue to fund our strategic mobility and pre-positioning programs in order to reduce this shortfall.

[Deleted.]

Senator Levin. As above (d): Army testimony to our subcommittee in the recent past casts doubt on your claim that we have developed—yet—the capabilities to meet our NATO commitment to get 10 divisions to Europe in 10 days. Please provide for the record what capabilities we have developed in the last 2 to 3 years which enable us now to meet this commitment, including airlift, sealift, percent of POMCUS fill, et cetera.

Dr. Korb. Today, we do not have the capability to provide 10 divisions to Europe within 10 days; attaining this capability is one of the objectives of our mobility programs. Our improvements in airlift and prepositioning will have the greatest impact on our ability to rapidly reinforce Europe. With congressional help, we are now moving forward with our European prepositioning program that will place most of the equipment for 6 divisions in Europe. We are also expanding airlift and plan to complete the procurement of 50 C-5B aircraft in fiscal year 1987 with deliveries completing in fiscal year 1989. In addition, we plan to complete our buy of 44 KC-10 airlift/tanker aircraft in fiscal year 1987 and will complete the delivery in the same year giving us a total of 60 KC-10 airlift. When this airlift is combined with prepositioned equipment for six divisions we will be able to rapidly reinforce Europe with 6 divisions yielding our 10 division force.

Senator Levin. Are U.S. war reserves intended solely for U.S. force consumption? Do current operational plans anticipate that certain types of sustainability stocks will be provided by our allies?

How have these considerations been built into budget requirements?

What effect do these anticipated drawdowns or additions to war reserves have on reported sustainability?

Are the U.S. taxpayers spending their money to buy ammunition and other supplies to be given to our NATO allies in a war, if needed, because our allies are unwilling to spend their own tax dollars for them?

Dr. Korb. With the exception of the stocks falling under the War Reserve Stocks for Allies (WRSA), Korea program, all of our war reserve procurements are intended for U.S. consumption. WRSA stocks are primarily old munitions and equipment that are excess to our own needs and are being earmarked for use by the ROK under an agreement of several years standing. That agreement was designed to enable the ROK to concentrate all available funds on building their forces to levels that obviate the need for massive U.S. troop support. There is no active WRSA program for European allies. The U.S. taxpayers are most definitely not spending their money to buy supplies for other NATO forces.

CAPABILITY TO SUSTAIN SIMULTANEOUS COMBAT

Senator LEVIN. Dr. Korb, Secretary Weinberger repeatedly has referred to the capability of the Soviets and their allies to sustain major combat with the U.S. and its allies in several areas of the world "simultaneously." Please provide the classified information which demonstrates this contention, in major equipment? ammo? and fuel categories; including days of supply for both sides and their allies in each area, the reinforcement capabilities of both sides, the combat tactics you would expect each side to employ against each other (including how you would expect each side to manage its consumption rates). Please provide a country-by-country breakdown for sustainability in all the major classes of supply.

Global overview

Dr. KORB. The Soviets maintain the world's largest active armed forces. Soviet forces deployed in Eastern Europe, together with other Warsaw Pact forces, constitute the principal military threat to Western Allies. Major air, land, and naval forces also face Southwest Asia, China, and the Northwest Pacific.

To meet worldwide responsibilities, the U.S. military strategy requires forward-deployed forces—supported by allies where possible—that are backed by a rapidly deployable reserve. The U.S. deploys ground, air, and naval forces in Northeast Asia/Western Pacific, Southwest Asia/Indian Ocean, Western Europe/Mediterranean Sea, and the Western Hemisphere. Most of the remaining active component and virtually all reserve component forces remain in the CONUS as a central reserve and provide the flexibility to shift U.S. conventional capabilities as contingencies require.

Although U.S. military strategy is based on limiting conflict to the lowest level required to achieve U.S. objectives, it recognizes that a war with the Soviets would likely become global. This results primarily from the unparalleled growth of Soviet military power over the last twenty years as they expanded the geographic reach of thier forces.

The following sections will, therefore, discuss the capabilities of both sides in those regions where conflict between the U.S. and U.S.S.R., and their respective allies, is considered most likely.

However, since each country, both friendly and potential adversary, defines its supply classes differently a specific country by country listing is not provided. Instead the sustainability/capability of each set of allies is evaluated in meaningful terms.

The Warsaw Pact has sought to establish logistic systems and resources designed to support fast-moving high-intensity campaigns, but which also possess the potential to sustain protracted conflicts (i.e., conflicts defined as in excess of 90 days). Pact planners point to the need for prestocking large quantities of supplies in forward theater areas in peacetime for initial campaigns and the need to create large strategic reserves for sustained conflicts.

The Warsaw Pact plans to fight a coalition war based on geographic regions, and with an integrated logisitic structure. Individual country contributions must thus be assessed in relation to the total combined effort rather than on a country-by-country basis. [Deleted.] Additional strategic reserve stocks could be drawn upon in a protracted campaign; the extent to which these stocks would provide additional days of supply (DOS) is dependent upon assumptions made for their allocation and distribution to all Soviet/Warsaw Pact TVDs. [Deleted.]

Europe

NATO

[Deleted.]

Land forces are expected to benefit from a wide variety of improvements in most areas of capability. These include the restructuring of forces, the introduction of more modern tanks, the continuing introduction of antitank helicopters and improvements in indirect fire capability. However, despite the planned improvements, the deficiencies remaining will continue to limit the effectiveness of land forces. [Deleted.]

Most NATO countries plan to continue modernization of their fleets. However, in most instances, the modernization of fleets is on a one-for-one replacement basis, and in several cases plans for construction are not yet supported by national financial plans. To some extent, the improved effectiveness of modern ships and weapon systems can offset adverse trends in number. However, at a time when force levels are inadequate to meet what the major NATO commanders need to fulfill their missions in the face of expanding maritime capabilities of the Warsaw Pact, there will be increasing risk of undermining the credibility of NATO's forces unless the adverse trends are checked.

While modernization of Air Forces is proceeding favorably with the introduction of new aircraft (Tornado, CF-18, F-16 and AM-X), there are four limiting factors that seem likely to remain for the forseeable future. They are:

[Deleted.]

Obsolescence of many aircraft in the Southern Region;

[Deleted.]

Vulnerability of aircraft and facilities at unprotected airfields.

[Deleted.]

[Deleted.] Despite these significant improvements. [Deleted.]

Sustainability of U.S. Forces in Europe is more complex than our NATO Allies because of our long supply lines. The below table outlines the U.S. posture in terms of DOS for all classes of supply in Europe.

[Deleted.]

Notes: (1) Approximation based on converting percent fill to DOS. (2) Ashore only; [deleted]. (3) Not reported by class aggregate.

[Deleted.]

Following is a country by country breakdown for limiting items that affect sustainability and a brief synopsis of major combat equipment held by non-U.S. NATO countries. For France, only data on major equipment is available.

Belgium.—[Deleted.] Resupply during combat would be complicated by the fact that most of the army's equipment is foreign made. [Deleted.]

Canada.—[Deleted.] Logistic support [deleted]. Naval combatants are generally of poor quality due to age and obsolescence. [Deleted.]

Denmark.—[Deleted.] Denmark maintains WRS of major Army equipment; its Naval surface combatants are adequate but its four submarines are old.

France.—France does not report holdings of WRS. [Deleted.] Fleet logistics support deficiencies are being corrected in the long term through replenishment tanker acquisition, and in the short term through merchant ship lease arrangements.

Germany.—FRG maintains at least SHAPE 30 DOS of expendable and non-expendable items for its forces. Modernization efforts and the introduction of new major-end items periodically cause shortages of repair parts. [Deleted.] Fuel stocks are adequate.

Greece.—WRS are generally adequate for Greek forces. [Deleted.] Greece maintains small levels of WRS of major Army equipment. Spare parts for the Hellenic Navy's WWII vintage surface combatants are in short supply. Its destroyers are obsolete. [Deleted.]

Italy.—[Deleted.] There are no critical shortages of parts for naval weapon systems. Its major combat equipment in all services is modern and capable. [Deleted.]

Luxembourg.—[Deleted.] It accepts the 30 DOS requirement for WRS in general.

Netherlands.— [Deleted.] The Air Force is converting to F-16 aircraft, but a [deleted.]

Norway.—[Deleted.] Naval combatants are generally old, but Norway does have a limited upgrade program for its submarine fleet. The Air Force's all-weather capability is limited. [Deleted.]

Portugal.—Since most of it's army equipment is obsolete and of mixed quality and origin, [deleted.] PO Air Force stockage levels are unknown. PO reports that outside assistance is required to achieve the 30 DOS objective. [Deleted.] The PO Navy consists of old, obsolescent combatants and its Air Force's front line aircraft is the obsolescent A-7. Fuel stocks are considered adequate.

Turkey.—Medical supplies and repair parts are reported to be in short supply. Forces continue to be equipped with many obsolete weapons systems which complicate effective logistics support. [Deleted.] Naval combatants are generally old, and obsolescent. [Deleted.]

United Kingdom.—[Deleted.] except for a few ammunition items. Stockpiles for British Army of the Rhine are held in Germany. Its forces have benefitted from an ambitious modernization program.

Non-U.S. NATO Reinforcements.—[Deleted.]

The limited number of reinforcing units is a function of the replacement systems of the Allied nations. Generally, they are oriented to individual, as opposed to unit, replacement schemes. [Deleted.]

All non-U.S. NATO countries have significant merchant shipping assets that could be utilized for wartime reinforcement operations. All countries are actively involved in planning the utilization of these resources through 2 standing NATO organizations, the NATO Planning Board for Ocean Shipping, which functions primarily in peacetime for planning purposes, and the NATO Defense Shipping Authority, which is activated in wartime to coordinate merchant shipping operations. [Deleted.] In terms of total vessels available, the leading countries capable of supporting reinforcement operations with their merchant fleets are Greece, the U.K., Italy, Norway, and West Germany. (In deadweight tonnage, however, the Norwegian fleet ranks second to Greece.) [Deleted.]

[To Achieve WAS/additional available in thousands]

[Deleted.]

Dynamic wargaming analyses provide another dimension for evaluating NATO's capabilities to defend against a Warsaw Pact attack.

Dynamic analyses using 1985 capabilities and 1989 projections show positive trends resulting from NATO modernization and other force improvements. [Deleted.]

[Deleted.] These and previous analyses have suggested that successful defense of the Alliance is highly sensitive to the time available for mobilization, early decisions by NATO political authorities, force allocations, en route survivability of U.S. reinforcements, and adequacy of munitions and other consumables.

The Soviet philosophy

A Soviet strategy for military victory in Europe almost certainly would have to meet three requiements. First, it would have to result in the seizure and retention of key military, political, and economic objectives whose loss virtually would eliminate the utility of continued resistance by NATO. Second, those objectives would have to be seized quickly, before major reinforcement could occur and certainly before NATO nations could divert their considerable productive capacity to wartime purposes. Third, and perhaps most important, those objectives would have to be seized in a way that decreases the risk of damage to the Soviet Homeland, especially from retaliatory nuclear strikes. All of these factors, considered in the context of an enemy's readiness and force posture, will influence strongly the type of weapons and operations the Soviets will employ in the execution of warfare at theater level.

The Soviets consider the offense to be the basic form of military operations. That is, offensive operations in a future war will be the basic means for solving the problems of armed conflict in land TVDs. They will be conducted by fronts and by combined arms, tank, and air armies.

The basic Soviet approach to the offense emphasizes surprise and the use of massive suppressive fire. The form of the massive fire varies. It can be a conventional air operation and concentrations of artillery fire or, under nuclear conditions, a theater-wide nuclear strike using surface-to-surface missles and air delivered weapons.

The roles of fronts and armies in the conduct of offensive operations are essentially those of control (including planning) and execution. The front is, in effect, executing the strategic campaign of its higher authority, the TVD. In turn, the front controls operations executed by its armies which similarly control operations executed by their assigned divisions, the basic element for planning in a front offensive.

[Deleted.]

To support a sustained global conventional conflict, the Warsaw Pact can also draw on the substantial amounts of older combat equipment in storage. [Deleted.]

The Warsaw Pact countries have established significant reserves or stockpiles of weapons, materiel, components and equipment. [Deleted.]

U.S. policy

Deterrence is the core of the U.S. strategy. For deterrence to succeed, potential adversaries must be persuaded that the risks and cost of aggression will exceed the gain. Should deterrence fail, U.S. strategy seeks the earliest termination of conflict on terms favorable to the U.S., its allies, and its national security objectives. The U.S. must, however, have the capability to respond should combat operations erupt in two or more regions simultaneously, as the Soviets are fully capable of launching aggression in more than one region at the same time.

Given the reactive posture of U.S. military forces, strong forward-deployed forces, capable of rapid reinforcement from the CONUS are essential. These forces, in conjunction with those of our allies, provide the foundation for U.S. coalition strategy. The proximity of Soviet forces to our allies and overseas interests imposes severe demands on the timeliness of response, since territory once lost would be difficult to regain.

While neither the U.S. nor any one nation has, or can afford to have, all the forces required for simultaneous effective defense against major aggression in all areas where the Soviet Union and its allies might launch attacks, the U.S. and its allies together must have forces that are strong and flexible enough for an effective response to the most serious threats facing our worldwide interests.

Pacific

The global scenario described earlier focuses on a NATO/Warsaw Pact European conflict. Other areas of conflict would probably involve South Korea and U.S. allies in a simultaneous involvement with North Korea with logistic aid from the U.S.S.R. This section focuses on the capability of both sides in the Pacific with specific interest on a comparison between North and South Korean forces.

Soviet forces Pacific

The increasing ability of the Soviet Union to project military forces into the Pacific region poses a significant threat to U.S. and allied interests. Strong Soviet land forces remain on the Sino-Soviet border, and a large Soviet naval force is available for employment throughout the Pacific. The continued improvement of Soviet forces and the basing of missiles in the Far East Military District increase the threat to Japan and other Northeast Asian nations. Extensive Soviet use of facilities in Vietnam has improved the Soviet capability to interdict Pacific and Indian Ocean sea lines of communication (SLOC). North Korean Armed Forces continue to prepare for a military reunification of the Korean Peninsula should circumstances prove favorable. North Korea, supported by the Soviets, continues to modernize its Armed Forces, particularly its armor and mechanized elements. Vietnam has the largest armed forces in Southeast Asia and remains the primary destabilizing influence in that region. Soviet economic and military support has allowed Vietnam to improve its military capabilities. Over 140,000 Vietnamese troops currently occupy Kampuchea, threatening the security of Thailand and creating the potential for a conflict of wider implications.

Soviet logistic preparations in the Far East are most evident in the extensive prestocking of ammunition and POL, and the establishment of large equipment depots. This prestocking significantly enhances the Soviet capability to conduct military operations. [Deleted.]

North Korea

Pyongyang is continuing to expand its stockpile of all categories of military materiel, even though this is having a severe impact on the country's economy. With minor exceptions, North Korea is estimated to be able to service military support requirements in almost every category of material for [deleted.] Shortages possibly exist in medical supplies, some spare parts, and some major equipment such as high-technology equipment and specialized vehicles. However, medical supply shortfalls are not considered a major limiting factor. North Korean Air Force POL reserves are assessed as six months sustainability for the current Air Order of Battle and most military airfields are assessed to have six months of ammunition and other ordnance. Military air transport capabilities are believed to be adequate for military needs. Ground transport resources to move personnel, weapons systems, materiel, and ammunition and ordnance are now sufficient for wartime support requirements for months, even taking into account combat losses, denial of some assets, and assuming no additional equipment is received from foreign countries. They are also continuing to increase and develop their lift capabilities in order to meet resupply requiements caused by equipment modernization, increased firepower and mobility of their forces, and for war reserves necessary for paramilitary sources.

The North Korean military forces have the capability to conduct a large scale ground offensive supported by air and naval units. The ground forces, while largely infantry, are supported by armored, mechanized and artillery units, which consume larger quantities of material than the comparatively smaller South Korean forces holding defensive positions. The North will probably use surprise mobility and firepower to attempt to penetrate quickly, major ROK positions. With Seoul cut-off and major military resistance isolated, Pyongyang could quickly gain control of the entire Peninsula.

South Korea

In contrast to the above capabilities, South Korea has a smaller amount of military materiel to support its requirements, and it would require resupply more quickly than the North. Although supplies of weapon systems are generally adequate, significant and sometimes serious shortages of ammunition and other ordnance, POL, military transport, combat rations, chemical warfare protective equipment, and certain types of spare parts and electronics equipment exist. Until rectified, these shortages will continue to be a limiting factor in the overall capabilities of the ROK Armed Forces to sustain themselves in combat.

The majority of the ROK Army combat forces occupy strong defensive positions in the vicinity of the DMZ. They will quickly mobilize the Reserve forces, to help to hold these positions, which protect Soeul. The ROK Air Force will strive to attain air superiority. The ROK Navy will strive to keep the SLOC's open.

Following is a comparison of military materiel reserves by type of supply of both North and South Korea.

Comparison of military materiel reserves

[Deleted.]

United States and its allies

There is a common interest among the U.S. and its Asian-Pacific allies and friends to promote peace and stability in the region. Because of the growing threat, close defense cooperation and collective security arrangements are essential. The United States has bilateral security agreements with Japan, the Republic of Korea (ROK), Thailand, and the Philippines, and multilateral defense agreements with Australia and New Zealand.

The Australia, New Zealand, United States (ANZUS) alliance continues to provide a framework for allied cooperation in the Western and Southern Pacific. The ANZUS Treaty, which is an important part of the interlocking system of Western alliances, strengthens the credibility and deterrent value of the U.S. military presence in the region.

The well-trained ROK forces are becoming increasingly self-sufficient in their capability to defend against aggression from the north, but South Korea still depends upon U.S. support to deter or counter an attack. The U.S. continues to deploy an Army division and combat air forces within the country, and U.S. naval units in the Western Pacific can respond quickly if needed. The ROK provides extensive support to forward-based U.S. units and the forces of the two countries are integrated into a single command structure, the Combined Forces Command. Combined U.S.-ROK military training is conducted through both day-to-day activities and annual exercises.

Japan remains a cornerstone of regional security by virtue of its strategic location, economic strength, and self-defense capability. The Japan Self-Defense Forces are well-equipped and well-trained, [deleted]. Japanese defense budgets are slowly increasing in recognition of growing threats, [deleted]. U.S. bases in Japan play a vital role in complementing Japan's defenses and providing operational and logistic bases for U.S. regional security efforts.

A nonhostile, nonaligned People's Republic of China (PRC) represents an important counterbalance to Soviet influence in East Asia. [Deleted.] The PRC is seeking to improve defensive capabilities it considers critical. U.S.-PRC military cooperation, while limited, should contribute to China's ability to counter Soviet and Vietnamese pressure and reinforce efforts to maintain regional stability.

The United States maintains a close and long-standing bilateral defense relationship with the Philippines and has strategically important air and naval bases there. Political and economic instability and active insurgencies continue to impact adversly on Philippine security and pose complex challenges for the Philippine Armed Forces.

Sustainability of U.S. Army Forces in Korea is closely interwoven with the sustainability of the ROK forces. [Deleted.] Resupply may be restricted by limited shipping, possible interdiction and vulnerable delivery means (parts, pipelines, etc.). The table below shows the sustainability of U.S. Army Korea for all classes of supply (in DOS):

[Deleted.]

PACOM does not report an overall DOS figure for Class VII (major items). Each component of USPACOM reports separately. An overall assessment of the USPACOM Class VII posture indicates that the majority of major items are less than [deleted].

Southwest Asia

Soviets sustainability

Threats to stability and the free flow of oil within this region are numerous and complex. Local disputes have drawn many regional factions into armed conflict, and terrorist actions remain a significant challenge. In the Persian Gulf area, the Iran-Iraq war continues. In Afghanistan, the Soviets maintain a strong, apparently permanent, military presence with which they exert pressure on other nations in the region.

The Soviet Union has undertaken significant military activities in the region. Major Soviet forces continue to conduct military operations in Afghanistan. The Soviets have large-scale military aid programs under way in the region and maintain a continuous presence through access to ports and basing facilities, and deployment of over 8,000 advisors. In addition, the Soviets deploy a naval squadron in the region on a permanent basis.

To sustain combat operations in Southwest Asia, the Soviet Union has established large prepositioned stockpiles of consummable supplies, to include ammunition and POL. In addition to the stocks collocated with maneuver units and tactical air units, the Soviets maintain POL and ammunition stocks at army, front and central level which are sufficient to sustain the forces in Iran for at least [deleted].

The Soviet transportation net, including roads, railroads, and inland waterways, is adequate to sustain offensive operations into Iran. The road net in the southern Soviet Union can support the movement of large maneuver forces with supporting elements. In Iran itself, military movement would be restricted to four highways leading from the Soviet Union to the Gulf. There would be major problems in resupplying Soviet forces moving south, considering the average road distance of 1800 kms from the border to the Gulf. Thus, in Iran the problem is not sufficiency of stocks, but the ability to move the supplies to the troops.

Capability/sustainability in the region

The U.S. provides military assistance to friendly nations to bulild up their capabilities to protect themselves and to help deter intraregional conflict. In the Middle East, the U.S. and other nations continue to contribute to regional stability by supporting multinational peacekeeping efforts. The U.S. continues to maintain naval forces in the Persian Gulf and Arabian Sea, and U.S. ground and air forces periodically conduct exercises with nations of the region. U.S. allies, such as France and the United Kingdom, also provide security assistance and a limited military presence. The Commander in Chief, U.S. Central Command (USCENTCOM), is responsible for coordinating all U.S. military activities in the Southwest Asia region. [Deleted.]

In addition to the Middle East Force [deleted]. USCENTCOM could be augmented by additional forces from CONUS. These could include [deleted]. The availability of this force level assumes no other simultaneous conflict with the Soviets anywhere else in the world.

[Deleted.]

DEPOT MAINTENANCE BACKLOGS

Senator LEVIN. DOD's goal is to reduce depot maintenance backlog to zero. As additional equipment is added to the inventory in ever increasing quantities throughout the 1980's by how much will depot maintenance budgets have to be increased to accommodate the goal?

Are sufficient funds contained in the fiscal year 1986-90 defense program to reach that objective for each of the services?

Please provide details for the record, broken down by service and by fiscal year.

If depot maintenance budgets cannot be increased to meet the goal, how will force readiness be affected?

Dr. KORB. Although we have outyear estimates of depot maintenance funding and requirements, these figures are preliminary and will change. Thus, there is very little to be learned from the specific numbers.

In general we do not anticipate significant increases in requirements except in the area of Navy ships where we are significantly increasing our force size. Our current 5-year program contains sufficient funding to eliminate by fiscal year 1990 all of our current projections for depot maintenance. You can be assured, however, that the Department will continue to give high priority to funding depot maintenance requirements—a very important readiness area.

PRUDENT REDUCTION STRATEGY

Senator LEVIN. As the Congress searches for ways to reduce the budget deficit the O&M account is always a likely candidate because reductions in O&M funding have an immediate impact on outlays which in turn directly affect the deficit.

If the O&M appropriation is reduced, what programs are most likely to be affected and to what extent will readiness be impaired?

Would you recommend against any such reductions because of their negative impact on combat readiness?

Dr. KORB. I certainly hope that we will not find ourselves in a situation where the O&M accounts will be cut. If the O&M appropriation is reduced, readiness will almost certainly be affected. Much of the O&M account is fixed and would not be proportionately reduced. Therefore, readiness programs such as operating tempo and depot maintenance would, in all likelihood, receive a large share of the cut. I would recommend against such reductions.

Senator LEVIN. Your statement today discusses Army readiness conditions and says: "Army equipment shortages continue to be a serious readiness problem. These shortages will not get fixed very quickly with the level of funding we are able to make available for Army equipment procurement."

You devoted a special section of your statement to the Army's equipment problems and said that even with the funds allocated in the past and in the fiscal year 1986 budget, "much remains to be done." You gave a shortfall of at least $2.7 billion.

Please provide a prioritized list of items, along with the amount of additional funding needed in fiscal year 1986–fiscal year 1990 (by year) to eliminate at least this shortfall by the end of the fiscal year 1990 funded delivery period.

Would you suggest as you did last year that Army equipment suffer least in any round of upcoming cuts in the fiscal year 1986 defense budget request?

Dr. KORB. For many reasons the Army equipment problem is a very difficult one to quantify. The dollar estimates I've given you all reflect projected requirements and assets as of last summer and the Army's distribution policy then in effect. However, these projections are virtually in constant flux because of force structure changes in the outyears and changes in procurement programs. Also, the Army is looking at alternative distribution policies that, if adopted, could substantially change these assessments. There is absolutely no doubt that the Army has a very large shortfall against the full wartime requirement for modern equipment, but there is also no doubt that we cannot get the resources to buy all these requirements in the near-term. Thus it is a question of determining the highest priority equipment needs of the Army. Having determined these, we want to make sure they are funded to the maximum extent feasible. Because of fiscal constraints, OSD does not direct the Army to fill up all units to full requirements; instead we have the more modest near-term goal of ensuring our top-priority units are at an acceptable equipment fill readiness level. That, of course, requires some subjective judgments. You perhaps are familiar with some of the problems we've had with interpreting the Unit Status Report (UNITREP) data. That problem is intimately related to the one of determining the adequacy of an equipment fill level for a given unit. Another judgemental aspect is the "horseshoe nail effect." When does a shortage in an item of support equipment impact on combat capability? This is very difficult to determine. Therefore, it is hard to make a case that, say, a modernization program for a combat weapon system should be scaled back to buy trucks, radios, or engineer equipment. We depend on the expert judgment of the Army officers who design our unit tables of organization and equipment and those who decide which items are wartime essential.

Even after we've gone out on all the limbs necessary to come up with a list of critical shortages, you have to look at the procurement program. Can you initiate or accelerate production? Many times you can't in the budget year or the next year. By and large our modernization programs for combat equipment are on track. While of course it would be nice to get these superior weapons sooner, from a strictly technical readiness perspective, the greater need is for support equipment. We need trucks, radios and other electronics, and engineer equipment. We also need a host of less expensive items that are aggregated under budget lines labeled "Under $900,000." We added $28 million to this budget in these under-$900,000 lines. They should be protected. We also added money for personnel carriers and command post carriers, recovery vehicles, radios, test/diagnostic equipment, trailers and semitrailers. In the case of semitrailers, we were trying to make up for some of the cuts the Congress imposed in fiscal year 1985. We would like to have put money into 5-ton trucks and engineer tractors but fiscal year 1986 was fully funded within production or contract constraints. We would like to have accelerated SINCGARS and night vision equipment, had resources been available. We need even more for semitrailers. These are where I would put more 1986 funds.

I don't think it would be appropriate to give you an outyear list because we still have the issue under study.

Certainly I would suggest that Army equipment not be reduced at all. Last year the Congress reduced the OPA account by something over $700 million! This is much more than we were able to add back in fiscal year 1986, so it looks as if we're losing ground. The shortfall estimates that I quoted were developed last fall based on data that assumed the fiscal year 1985 budget would be approved. Therefore, the 1985 congressional reductions could only increase this shortage estimate.

Senator HUMPHREY. Thank you very much.

[Whereupon, at 3:43 p.m., the subcommittee adjourned, to reconvene upon the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, MARCH 7, 1985

U.S. Senate,
Subcommittee on Preparedness,
Committee on Armed Services,
Washington, DC.

U.S. ARMY READINESS, OPERATION AND MAINTENANCE

The subcommittee met in open session, pursuant to notice, at 2:12 p.m., in room SR-232A, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey, Levin, Dixon, and Glenn.

Staff present: Ronald P. Kelly, professional staff member; Patricia L. Watson, research assistant; and Lisa M. Tietge, staff assistant.

Also present: DeForest Hamilton and Allan Cameron, assistants to Senator Denton; Charles C. Smith, assistant to Senator Dixon; Peter Lennon, assistant to Senator Levin, and Phillip P. Upschulte, assistant to Senator Glenn.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator Humphrey Good afternoon. My apologies for the late start. We had a vote underway. The subcommittee meets this afternoon to receive testimony on readiness and O&M matters.

Senator Dixon?

Senator Dixon. Mr. Chairman, thank you very much. I have given an opening statement and some written questions for General Mahaffey to the reporter. I thank you for letting me do that.

Secretary Block is in the Agriculture Committee right now, and as you know, I have been involved in this recent farm discussion on the floor of the Senate, and so if you will be kind enough to excuse me on this occasion, I want to thank you for accommodating me with respect to putting off until another occasion that testimony relating to the explosives question, which is very nice of you. I appreciate it and I apologize to the General and his staff, and look forward to hearing you again on other occasions.

[The prepared statement of Senator Dixon follows:]

Prepared Statement of Senator Alan Dixon

I would like to join the chairman in welcoming General Mahaffey and the other witnesses who will be testifying before the subcommittee this afternoon. I understand that this hearing will only cover Army preparedness and operations and maintenance. I want to thank the chairman for agreeing to schedule the ammunition portion of this hearing at a later date. I want very much to attend our hearing on the Army's fiscal year 1986 ammunition programs, and I have some other unavoidable hearing commitments later on this afternoon.

At the first hearing of the Preparedness Subcommittee this year, the Assistant Secretary of Defense for Manpower, Installations and Logistics, Dr. Korb, testified on the overall readiness and sustainability of the military services. His testimony left me with the distinct impression that of all the military services, the Army faces some of the biggest remaining problems in our overall military capability. Many people believe that the Army will not have the resources over the next 5 years to eliminate these problems. I will be interested in hearing General Mahaffey's views on this.

I look forward to General Mahaffey's testimony and that of the other witnesses this afternoon. I am submitting questions for the witnesses to answer for the record.

Senator HUMPHREY. Welcome, General, and your staff. You are free to proceed now as you wish.

STATEMENT OF LT. GEN. FRED K. MAHAFFEY, DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS, DEPARTMENT OF THE ARMY, ACCOMPANIED BY MAJ. GEN. BOBBY B. PORTER, DIRECTOR, MILITARY PERSONNEL MANAGEMENT, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR PERSONNEL, DEPARTMENT OF THE ARMY; BRIG. GEN. CHARLES E. WILLIAMS, DIRECTOR, OPERATION AND MAINTENANCE, ARMY, OFFICE OF THE COMPTROLLER OF THE ARMY, DEPARTMENT OF THE ARMY; BRIG. GEN. JACKSON E. ROZIER, JR., DIRECTOR, PLANS AND OPERATIONS, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS, DEPARTMENT OF THE ARMY

General MAHAFFEY. Thank you, Mr. Chairman, very much. I appreciate the opportunity once again to appear before your subcommittee to discuss Army readiness, but before I do that, I would like to introduce Maj. Gen. Bob Porter, who is here representing the Deputy Chief of Staff for Personnel; Brig. Gen. Jack Rozier, who is here representing our Deputy Chief of Staff for Logistics; and Brig. Gen. Chuck Williams, who is representing the Comptroller of the Army.

Mr. Chairman, I have submitted a prepared statement for the record. I would, however, like to offer to the subcommittee a few prepared remarks. I expect that the series of readiness hearings by your subcommittee will result in assurance that Army readiness has continued to improve proportionately to the increased defense resources that have been appropriated by the Congress over the past few years, and that continued support for adequate defense resourcing is essential to fulfill the Nation's and the Army's readiness requirements in the future.

[The prepared statement of General Mahaffey follows:]

PREPARED STATEMENT BY LT. GEN. FRED K. MAHAFFEY, DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS, U.S. ARMY

OPENING REMARKS

Mr. Chairman, I appreciate this opportunity to appear before your Subcommittee to discuss Army Readiness. Before I begin, I would like to introduce Major General Porter who represents the Deputy Chief of Staff for Personnel; Brigadier General Rozier who represents the Deputy Chief of Staff for Logistics; and Brigadier General Williams who represents the Comptroller of the Army.

I anticipate this series of Readiness Hearings will result in public assurance that Army Readiness continues to improve proportionately to increased Defense spending, and that continued support for adequate Defense is essential in fulfilling the Nation's and the Army's Readiness requirements.

First and foremost, be assured that Readiness continues to be the Army's first priority. It continues to be the core of our planning, programing, budgeting and execution efforts. A key point, which I will discuss later in more detail, is that Readiness is only one aspect of the capability of the Total Army, both Active and Reserve Components.

Today the Army is in a state of unprecedented transition, as we embark on the most extensive modernization program in our peacetime history. We are reshaping the composition, orientation, and balance of land forces to carry our share of the Nation's overall military strategy in response to long standing and emergent strategic realities.

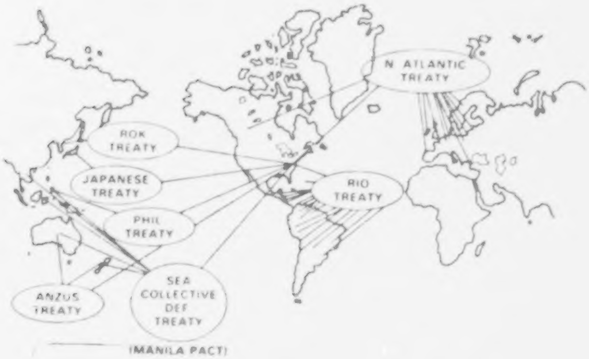
THESIS FOR LANDPOWER

Congress and the American public should understand why the Army has taken the modernization efforts it has. Accordingly, I will summarize the strategic and doctrinal premises upon which our initiatives rest in the major force structure, modernization, equipping, personnel, training, and readiness improvements.

Landpower is the central element of our Nation's deterrent and warfighting capabilities. The Army is developing the capability to meet both the present and the future challenges of a rapidly changing world. I want to emphasize the strategic, operational and tactical utility of Army forces in meeting our security needs during this era of dramatic change. The strategic utility of land forces has never been greater. I believe the evidence is compelling that Army forces today possess such utility across a broad spectrum of contingencies.

The strategic implications of this historically unique transition stem from and are driven by the global U.S. obligations and interests. Economic, military and political realities force the United States to maintain a global perspective, fashioning a flexible military strategy based on joint operations for collective Defense within a coalition framework.

UNITED STATES COLLECTIVE DEFENSE ARRANGEMENTS



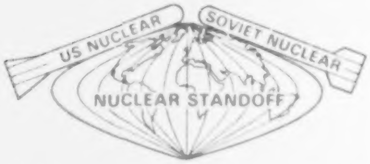
Our pursuit of deterrence must proceed according to a world-wide strategy. In executing that strategy, we have established a set of regional priorities. Effective deterrence requires that the Army maintain sufficient forward deployed forces to counter a limited warning attack in those regions of greatest consequence to our own national security. For over 40 years in Europe and for 30-plus years in Korea we have successfully deterred war. This fact is too often overlooked or ignored. Peace is, after all, the objective.

An effective deterrence and warfighting capability also requires the rapid reinforcement of forward deployed forces by additional combat, combat support, and combat service support forces. Our strategy depends heavily on strategic mobility to move the right forces to the right place at the right time. We are also heavily dependent on Reserve Component forces which are capable and ready.

Finally, credible deterrence hinges on the effective implementation of a wide range of pre-crisis measures which can prevent minor crises and low-intensity conflicts from escalating into superpower confrontations.

The end result of our strategic approach is deterrence. But deterrence of what kind, to what end, and by whom? Do we have the right balance and mix of forces with the utility required to maintain deterrence?

THE SHIFTING BURDEN OF DETERRENCE

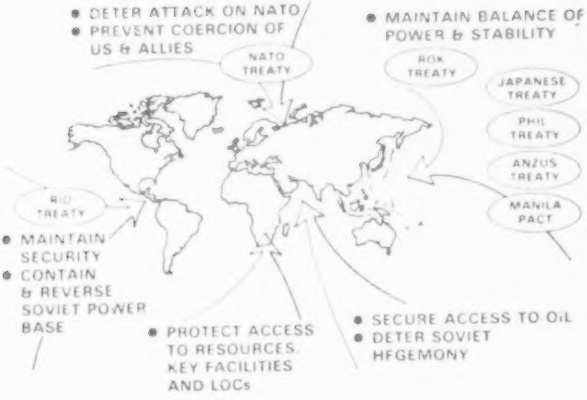


MODERN CONVENTIONAL LAND FORCES ESSENTIAL TO . . .

- RAISE NUCLEAR THRESHOLD
- COUNTER SOVIET LAND POWER
- PREVENT ESCALATION OF MINOR CRISES & LOW INTENSITY CONFLICT
- ASSIST IN NATION BUILDING
- ACHIEVE STRATEGIC OBJECTIVES

The answers to these questions are complicated by the fact that deterrence itself is also undergoing a process of redefinition. Under the present conditions of rough nuclear parity (at least quantitatively), the burden of deterrence will continue to shift toward modern conventional forces for the reasons and purposes shown here. The way to counter Soviet landpower, and thereby raise the nuclear threshold, is to capitalize on the flexibility and utility of modern, conventional forces. To underscore this point, let me return to the matter of our regional strategic objectives.

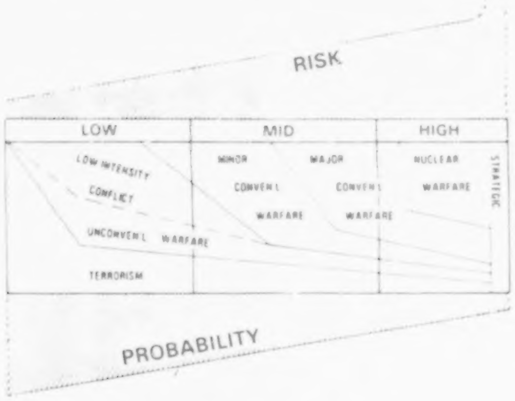
REGIONAL STRATEGIC OBJECTIVES


• DETER ATTACK ON NATO
• PREVENT COERCION OF US & ALLIES
NATO TREATY
• MAINTAIN BALANCE OF POWER & STABILITY
ROK TREATY
JAPANESE TREATY
PHIL TREATY
ANZUS TREATY
MANILA PACT
RIO TREATY
• MAINTAIN SECURITY
• CONTAIN & REVERSE SOVIET POWER BASE
• PROTECT ACCESS TO RESOURCES, KEY FACILITIES AND LOCs
• SECURE ACCESS TO OIL
• DETER SOVIET HEGEMONY

These longstanding objectives reflect not only the global span of our national interests and obligations, but also the land-oriented nature of the threat. Except perhaps for certain areas of the Pacific region, each of these objectives is fundamentally "land-based," involving access to and protection of people, borders, resources, and institutions against predominantly land-force threats. Clearly, our joint military strategy for accomplishing these objectives involves the best efforts and full capabilities of all the services. But, it is modern, sustainable, forward-deployed and rapidly deployable land forces which constitute the logical and effective foundation of our joint deterrent and warfighting capability.

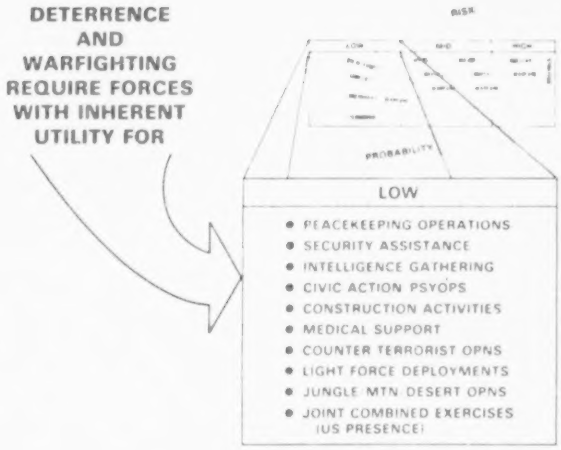
Against this strategic backdrop, it is useful to consider the kind of capabilities that the Army, unilaterally or as part of a joint force, may have to furnish for peacekeeping, deterrence or fighting. In other words, the Army must be prepared to execute the AirLand Battle and operate across a spectrum of conflict.

A SPECTRUM OF CONFLICT

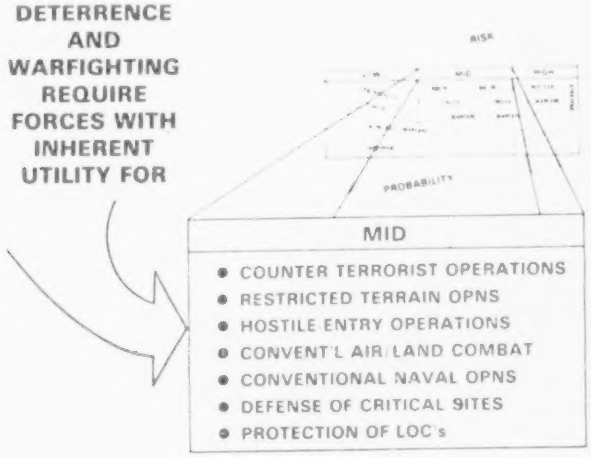

RISK
LOW
MID
HIGH
LOW INTENSITY CONFLICT
MINOR CONVEN'L WARFARE
MAJOR CONVEN'L WARFARE
NUCLEAR WARFARE
STRATEGIC
UNCONVEN'L WARFARE
TERRORISM
PROBABILITY

The spectrum extends from low-intensity to high-intensity forms of conflict set against the parameters of risk probability. At the high end of the spectrum is strategic nuclear war. The incalculable costs and risks associated with strategic nuclear war, its potential linkage with theater nuclear weapons and, at least in NATO, the further linkage by policy and doctrine between theater nuclear, battlefield nuclear, and major conventional war, all argue that this form of conflict is relatively less likely because of the costs and risk involved. This same logic also argues that conventional war, if it occurs under today's conditions of general nuclear parity, is much more likely to remain limited, rather than escalate to major nuclear war.

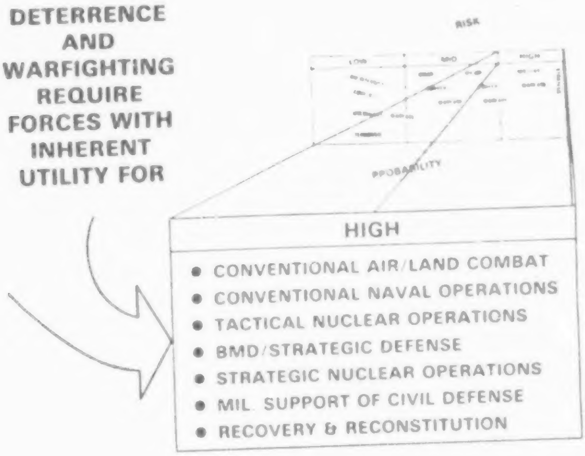
At the other extreme is a most reprehensible form of conflict, terorrism, which respects neither geographical nor conceptual boundaries. In fact, terrorism may occur across the spectrum of conflict. The same may also be said for unconventional warfare. All of this serves to underscore the complexity of planning and training for all the potential forms of conflict. We must simultaneously be prepared to counter terrorism, deter and fight unconventional war, as well as fight and win a conventional war.


DETERRENCE AND WARFIGHTING REQUIRE FORCES WITH INHERENT UTILITY FOR
RISK
LOW
MID
HIGH
PROBABILITY
LOW
• PEACEKEEPING OPERATIONS
• SECURITY ASSISTANCE
• INTELLIGENCE GATHERING
• CIVIC ACTION PSYOPS
• CONSTRUCTION ACTIVITIES
• MEDICAL SUPPORT
• COUNTER TERRORIST OPNS
• LIGHT FORCE DEPLOYMENTS
• JUNGLE MTN DESERT OPNS
• JOINT COMBINED EXERCISES (US PRESENCE)

Since low-intensity conflict is the clear trend for the future, the most likely tasks for military forces are those portrayed here. These tasks are most effectively performed by predominately Army forces, and indeed are being carried out superbly today by Army forces around the world.


DETERRENCE AND WARFIGHTING REQUIRE FORCES WITH INHERENT UTILITY FOR
RISK
LOW
MID
HIGH
PROBABILITY
MID
• COUNTER TERRORIST OPERATIONS
• RESTRICTED TERRAIN OPNS
• HOSTILE ENTRY OPERATIONS
• CONVENT'L AIR/LAND COMBAT
• CONVENTIONAL NAVAL OPNS
• DEFENSE OF CRITICAL SITES
• PROTECTION OF LOC's

Because of the linkage and potential escalation mentioned earlier, the missions depicted here are relatively less likely to occur if our pre-crisis and low-intensity deterrent actions are effective. However, should deterrence fail, Army land forces are uniquely suited for such operational tasks. The predominant terrain around the world where such conflicts might occur is the type for which light, rapidly deployable ground forces are required and uniquely suited.



DETERRENCE AND WARFIGHTING REQUIRE FORCES WITH INHERENT UTILITY FOR

HIGH

- CONVENTIONAL AIR/LAND COMBAT
- CONVENTIONAL NAVAL OPERATIONS
- TACTICAL NUCLEAR OPERATIONS
- BMD/STRATEGIC DEFENSE
- STRATEGIC NUCLEAR OPERATIONS
- MIL. SUPPORT OF CIVIL DEFENSE
- RECOVERY & RECONSTITUTION

These, we must hope, are the least likely future tasks for military forces. But these are the tasks on which we have focused the bulk of our attention in strategy, doctrine, and resource allocation. This is the true realm of joint-force and coalition warfare.

Beyond these specific considerations of tasks and force utility, the reality remains that, at any level of conflict, only land forces can exercise direct, continuing and decisive influence over people, institutions, and resources.

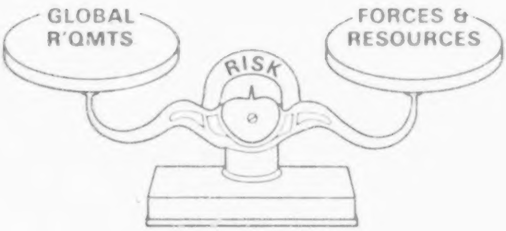
The case for Landpower is clear and unequivocal. The Army represents the Nation's real "peacetime force in being" with unequaled utility across a broad pattern of potential employment, in peacetime or war. The strategic realities today, and those projected for the rest of this century, point overwhelmingly toward a continuation of global strategy. The patterns of future conflict and the changing nature of the threat dictate that our strategy for deterrence must provide the National Command Authority flexible response options across the entire spectrum of conflict.

IMPLICATIONS FOR THE ARMY

- REQUIRE IMPROVED BALANCE IN STRUCTURE & POSTURE
- MODERNIZED COMBAT FORMATIONS...LIGHT AND HEAVY
- RAPIDLY DEPLOYABLE FORCES
- REGIONALLY ORIENTED SPECIAL OPNS FORCES
- EXPLOIT INFO-PROCESSING TECHNOLOGY
- OBTAIN LEVERAGE THRU WEAPONS/SYSTEMS TECHNOLOGY

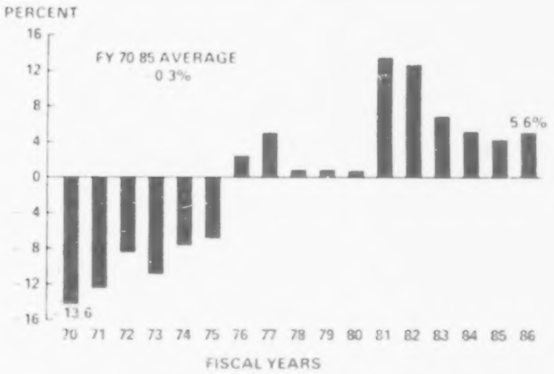
The success of this strategic approach depends heavily on the Army's ability to improve the balance in its force structure and in its Readiness posture; to modernize its combat formations and to improve its rapid deployability on a strategic scale. As a complement to these measures, enhanced, regionally oriented Special Operation Forces will be needed to meet the unique requirements involved in deterrence of low-intensity conflict. And, finally, the Army must pursue every means possible to exploit the leverage that modernized, ready Reserve forces, high-technology weapon systems and information management can provide.

ACHIEVING A BETTER FORCE BALANCE



CONSTRAINTS

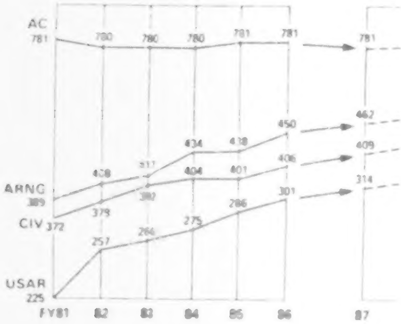
ARMY REAL GROWTH TRENDS



The Army does recognize, however, that there is a limit on resources available. For a variety of economic and political reasons, the real growth rates realized in Army budgets in FY81 and FY82 are no longer a valid basis for future fiscal planning or programing. For example, this year's 5-year program (86-90 Program Objective Memorandum (POM)) was based on an assumed 6½% real growth rate, which in hindsight, was unrealistically high. The Army's 5-year Program was undercosted, and therefore, to a substantial extent, unaffordable. The clear trend for the foreseeable future is one of continued moderate increases at reduced rates of real growth, reflecting necessary budgetary constraints. Suffice it to say that innovative programs are required to operate with increasingly constrained dollars and manpower.

Realization of constrained resources, along with Congressional encouragement, led to a reassessment of projected active manning levels. The Chief of Staff decided that the Army would program for a constant end strength of approximately 781,000 for the Active Component (AC), and program future strength increases only for the National Guard and Army Reserve.

TOTAL ARMY END STRENGTH (000s)

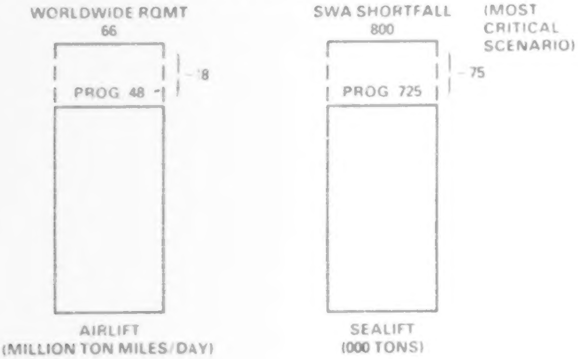


Another constraint confronting the Army is strategic lift. A global strategy depends heavily on our ability to move the right forces to the right place at the right time. However, the availability of sufficient airlift and sealift has long been a constraint on the strategic flexibility of land forces. Both the Navy and the Air Force have made significant improvements in their lift programs, but under current programing guidance the shortfall will continue through their FY90 programs and beyond.

In airlift, we will continue to experience a shortfall of some 18 million ton-miles per day. The C-17 program will alleviate much of this, but not until after 1992.

In sealift, the critical shortfall is primarily in the availability of fast sealift for a contingency such as Southwest Asia. Even with the SL-7 program, we will still be unable to move 75,000 to 100,000 short-tons of equipment fast enough to meet Southwest Asia operational requirements.

SHORTFALLS... STRATEGIC AIRLIFT & SEALIFT
(THRU FY 90 PROGRAM)



Strategic lift constraints played a significant role in the Army's decision to design light forces to provide a wide variety of global response options but with reduced lift requirements. The strategic imperatives for improving overall force balance led the Army leadership to the conclusions shown here.

STRATEGIC IMPERATIVES AND RESOURCE CONSTRAINTS LEAD TO THESE CONCLUSIONS...

- REEXAMINE FORCE STRUCTURE
- REEXAMINE FORCE DESIGNS WITHIN THE STRUCTURE
- INCREASE LT FORCE CAPABILITY FOR STRATEGIC FLEXIBILITY AND IMPROVED DETERRENT POSTURE

FORCE STRUCTURE

The Army's total review of force requirements and design changes included considerations of such key factors as global war plans, risk, affordability, modernization, sustainability, deployability, and readiness. The analysis for the force as a whole and for type units at each level, led the Army to the various initiatives shown here.

FORCE STRUCTURE AZIMUTHS

HEAVY FORCES

DIVISION 86 REFINEMENTS

- CONTINUE MODERNIZATION PROCESS
- STREAMLINE DIV 86 DESIGNS
- CONTINUE BDE ROUNDOUT

LIGHT FORCES

RESTRUCTURING TO INCREASE CAPABILITY

- INCORPORATE 10K DESIGN
- SUSTAIN HIGH TECH EFFORT
- ENHANCE SOF/RANGER FORCES

EXPANDED AVIATION STRUCTURE

IMPROVED SUSTAINABILITY

As a result, today's Army, in the midst of its most extensive modernization in history, is now more capable than at any time since World War II to execute the national strategy to deter first and prevail in war should deterrence fail. Both forward deployed and CONUS forces have increased warfighting capabilities as they transition to newer organizations better tailored to the threats we face.

The overall effort is focused on improving the warfighting capability of the Corps by allocating it a greater share of the total combat capability, in keeping with AirLand Battle doctrine.

The modernization program for heavy forces will continue, with refinements to the armored and mechanized Division 86 designs.

The program to roundout selected CONUS-based divisions with Reserve Component brigades will continue, as we rely increasingly on the Reserve Component to meet our Total Army mission requirements.

Let me emphasize here that the light force restructuring initiatives are not in competition with, nor at the expense of, heavy force modernization--and we must prevent any possible misunderstanding about these initiatives.

The 9th Infantry Division at Ft. Lewis, WA, is being converted to a High Technology Motorized Division and will continue as the test bed for evaluating emerging technologies and concepts applicable to both light and heavy forces. We are also expanding the Army's aviation structure in a move to strengthen the division and corps commanders' ability to rapidly influence the battle. And, finally, inan effort to improve the overall sustainability of the force, we are adding selected logistics force structure, while also streamlining our logistics "tail" by capitalizing on productivity improvements in materiel handling, transportation and information management.

Let me turn now to the new Light Infantry Division. The flexibility and deterrent capability of the 10,000-man design hinged on making the division light enough to deploy with speed and agility in a pre-crisis or low-intensity setting, yet keeping it robust and "tailorable" enough to remain survivable and useful when employed in a mid- to high-intensity scenario.

As a prototype of this design, the conversion of the 7th Infantry Division at Fort Ord, CA is now underway, and the lessons learned from fine-tuning that organization will be applied to the 10th Mountain Division recently activated at Fort Drum, NY, and the 6th Infantry Division (Light) to be activated in Alaska.

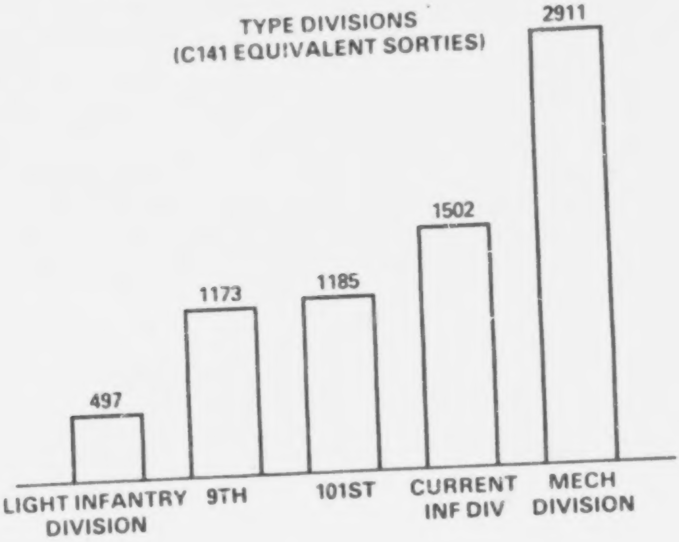
LIGHT INFANTRY DIVISION SCHEDULE

DIVISION	COMPLETES CONVERSION OR ACTIVATION IN
7TH ID (FT. ORD)	FY85
25TH ID (SCHOFIELD BARRACKS)	FY86
10TH MT (FT. DRUM)	FY88
6TH ID (ALASKA)	FY87
29TH ID (ARNG MARYLAND, VIRGINIA)	FY87

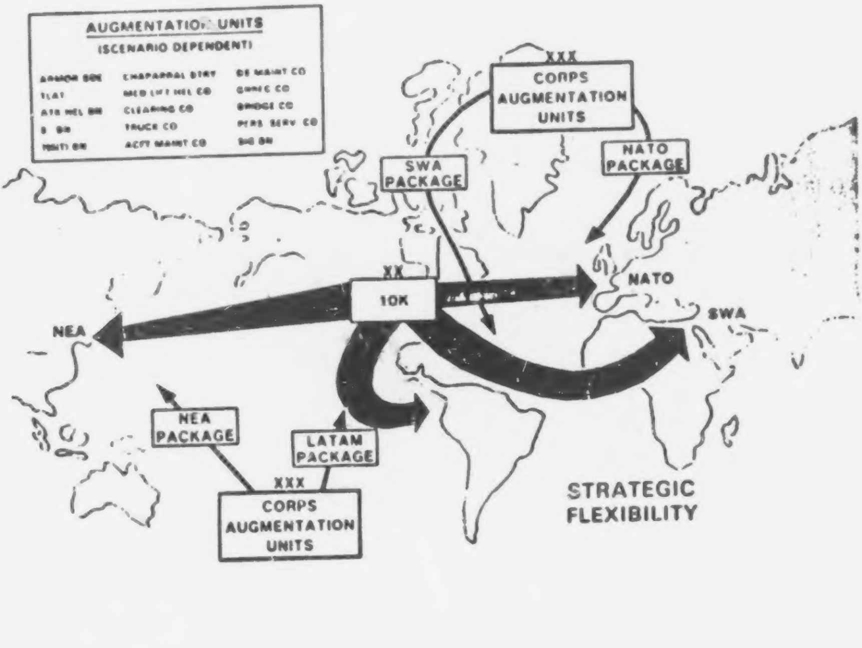
The decision to base the 6th Infantry Division in Alaska was based on our assessment of stationing options for the 10th Mountain Division, and a related but broader examination of the Army's strategic posture. We concluded that there was a need to strengthen our land forces on the West Coast, particularly in Alaska. Following selection of Fort Drum as the stationing site for the 10th Mountain Division (Light Infantry), the Secretary of Defense approved activation of an eighteenth Active Component Division in Alaska. This division, designated the 6th Infantry Division, will be configured as light infantry, and tailored for theater defense of Alaska and the Aleutians. Activation will begin in FY86 with the restructuring of the 172d Infantry Brigade currently stationed at Forts Richardson and Wainwright. A Reserve Component roundout brigade will also be designated in FY86. The 6th Infantry Division structure will be completed by adding an additional Active Component brigade in FY87.

These light division initiatives give us increased strategic flexibility. With about 10,600 soldiers each, the light divisions will have a higher "fighter-to-support" ratio than existing divisions. They can deploy world-wide three times faster than an infantry division. Shown here is the increased deployability of the light division, taking into account the limits of existing air and sealift resources.

STRATEGIC DEPLOYABILITY



LIGHT DIVISION INITIATIVE


AUGMENTATION UNITS
(SCENARIO DEPENDENT)
ARMOR SQN
TLAT
ATK HEL BN
(MTI) BN
CHAPARRAL BTRY
MED LIFT HEL CO
CLEARING CO
TRUCK CO
ACFT MAINT CO
DS MAINT CO
BRIDGE CO
PERS SERV CO
SIG BN
XXX
CORPS AUGMENTATION UNITS
SWA PACKAGE
NATO PACKAGE
XX
10K
NATO
SWA
NEA
NEA PACKAGE
LATAM PACKAGE
XXX
CORPS AUGMENTATION UNITS
STRATEGIC FLEXIBILITY

Early, rapid, and strategic deployment greatly enhances our deterrent and war fighting capability. We are working closely with our sister services to close the shortfalls that now exist in our strategic deployability.

This chart shows the net effect of these force initiatives on our divisional structure. The recent activation of the 35th Division (Mechanized) Army National Guard (ARNG) at Fort Leavenworth, KS will increase the number of mechanized divisions from seven to eight. As we reconfigure our infantry forces, standard infantry divisions will be reduced from nine to six, but we will have five new light infantry divisions (6th, 7th, 10th, 25th, and 29th) plus a high-tech motorized division (9th HTMD).

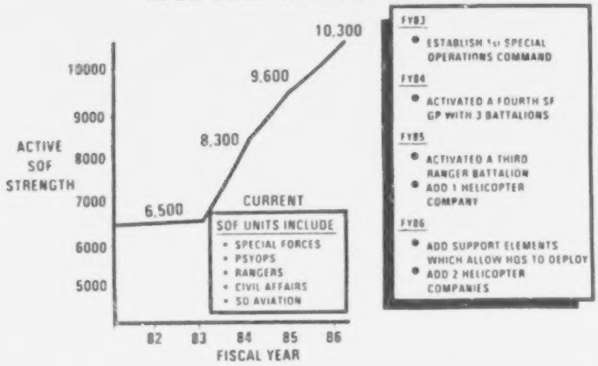
DIVISION ACTIVATIONS & CONVERSIONS

	FY 83	FY 84	FY 85	FY 86	TOTAL
ARMORED	6				6
MECHANIZED	7	ACTIVATE 35TH MECH (NG)			8
INFANTRY	9		CONVERT 7TH ID TO LT 9TH ID TO MTZ	CONVERT 25TH ID TO LT	6
LIGHT INFANTRY	0		ACTIVATE 10TH MT (LT)	ACTIVATE 6TH & 29TH ID (LT)	5
HIGH TECH MTZ	0				1
AIRBORNE	1				1
AIR ASSAULT	1				1
TOTAL	24	25	26	28	28

A frequently overlooked aspect of the Army's light force modernization initiatives involves the enhancement of Special Operation Forces (SOF). These valuable non-divisional assets--Rangers, Special Forces, PSYOPS, Civil Affairs and special operations aviation--provide unique capabilities that complement conventional forces and increase the strategic flexibility of the total force, from low-intensity conflict across the spectrum. The quantitative and qualitative improvement of these forces is underway now through implementation of a time-phased master improvement plan.

SPECIAL OPERATIONS FORCES

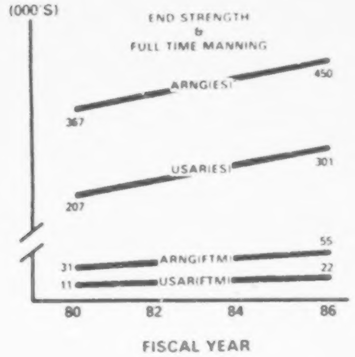
AC SOF STRUCTURE IMPROVEMENTS



Highlights of the SOF master plan are shown here, and include activation of the 1st Special Forces Group at Ft. Lewis, WA, and the activations of both a Third Ranger Battalion and the 75th Infantry Regiment (Ranger) headquarters at Ft. Benning, GA. Special Operation Forces aviation capabilities are being enhanced, as well as better integration of Active and Reserve Components, and improved command and control capabilities.

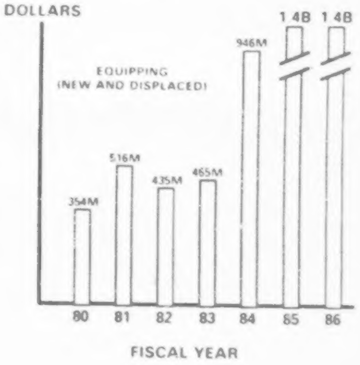
Our force structure initiatives also reflect a deliberate shift toward an expanded role for the Reserve Component forces. As the following charts show, trends in the Reserve Component are favorable. Their strength is up significantly and Full-Time Manning is growing to support modernization efforts.

RESERVE COMPONENT



The Reserve Component is getting more and better equipment as well. In FY84 the Reserve Component received over $900 million of modernized equipment, and in both FY85 and FY86, they will receive another $1.4 billion worth each year. The FY86 Budget request supports an accelerated modernization of the Reserve Component. This enhancement includes an increase of 14 tank battalion sets, 180 AH-1S attack helicopters, and three air defense battalions.

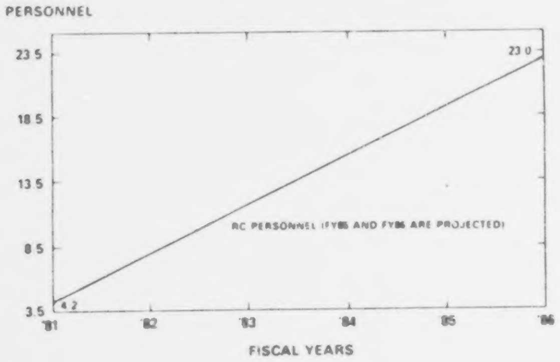
RESERVE COMPONENT



Training in the Reserve Component, for both combat and combat support units, has become more extensive and demanding. In FY85 and FY86 a total of eight Army National Guard Battalions will train at the National Training Center. Reserve Component overseas deployment training has also increased as shown here.

RC OVERSEAS DEPLOYMENT TRAINING

PERSONNEL IN 000's



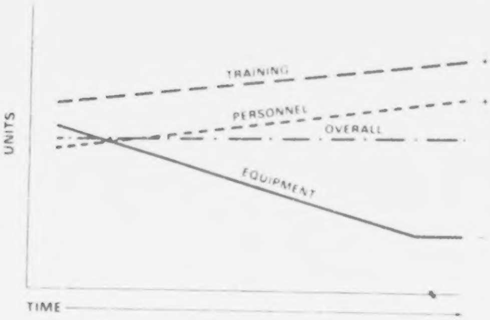
In FY84, 9,500 more Reserve Component personnel participated in deployment training than in FY81. The Reserve Component is expected to deploy over 23,000 personnel by FY86. The same trends are evident in Reserve Component unit/unit cells deploying for training overseas.

UNIT STATUS

I know that this committee has a strong and continuing interest in trends in the Army's Readiness. A unit's readiness is its ability to perform its mission in support of operational requirements. It is dependent upon such measureable indicators as personnel and equipment required to perform that mission and such intangibles as unit cohesion, morale, and quality of personnel and leadership. Readiness is but one aspect of a unit's warfighting capability; equally important factors are Force Structure, Modernization and Sustainability.

The Unit Status Report provides a valuable snapshot, point-in-time review of selected unit Readiness indicators; in that context, it does not measure an organization's total Readiness or warfighting Capability. Specifically, the report indicates the status of personnel, equipment-on-hand and equipment serviceability as measured against the unit's wartime requirements, and assesses a unit's training proficiency in light of available resources. These Readiness indicators are only a small part of warfighting Capability. For example, two tank battalions, one equipped with 54 M60 tanks and the other equipped with 58 M-1 tanks, can both be reporting the same unit status, even though the modernized battalion has a much greater warfighting Capability than the one equipped with the old tanks.

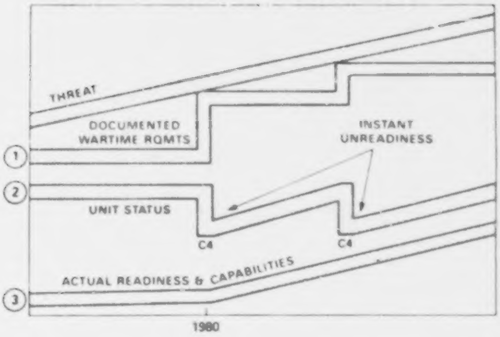
ACTIVE AND RESERVE COMPONENT UNIT STATUS



This chart notionally portrays what Unit Status Reports reflect concerning the trends in the measured areas over the past four years. The status of training and personnel has substantially improved. Although equipment-on-hand ratings declined during the early 1980's, they have stabilized over the past year. Real equipment shortages do exist. The primary reason for the apparent decline in the equipment-on-hand ratings was that equipment requirements specified in authorization documents were changing faster than new equipment was available for fielding. These changes in qualitative and quantitative requirements are a product of force structure improvements and equipment modernization. The resulting decline in equipment-on-hand ratings masks the fact that the Readiness and combat potential of Army units greatly improved due to the increased fielding of modernized equipment.

Documented authorization and requirement changes for equipment are frequently made to support new organizational designs and doctrinal concepts which are designed to optimize our combat effectiveness. Under the current Unit Status Reporting System, as soon as a unit's wartime requirements are changed, it must compare its on-hand equipment to these new requirements. As a result, unit status ratings can drop overnight, although the actual equipment-on-hand, the readiness, and the capability of the unit has not been decreased, and in fact may have increased. This is what is sometimes referred to as "instant unreadiness."

UNIT STATUS IS DEGRADED BY DOCUMENTATION CHANGES



This chart depicts how documentation changes caused by modernization affect unit status ratings causing "instant unreadiness". In 1980 and earlier, the threat outpaced documented wartime requirements as depicted by line 1. Since 1980, however, new doctrine has been developed and wartime requirements have been redesigned to keep pace with the threat. As these major wartime requirement changes are implemented, they cause an abrupt increase in requirements. Line 2 shows that, even though the actual equipment-on-hand may have improved, Unit Status dips each time one of these major documentation changes occurs. This is because, overnight, a new standard for computing unit status has been established and equipment fielding lags documentation changes. The paradox is that real Readiness and Capability, represented by line 3, have steadily improved due to the unit resource improvements.

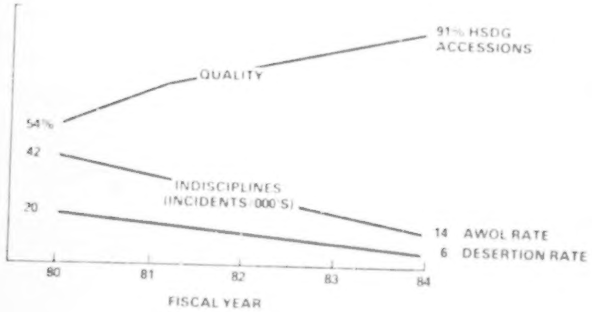
The Army is working to, first, improve its documentation and equipment fielding procedures. As a result of correcting this problem, we anticipate that equipment-on-hand ratings will significantly improve in FY85. Second, the Army is working to improve its Unit Status Reporting System. Third, the Army is working to improve its ability to reflect improvements in capability of Army divisional forces. I will discuss later the system the Army has developed to measure changes in warfighting potential resulting from modernization and force structure initiatives. Let me illustrate some of the improvements that have been made. Here are the facts.

REAL READINESS

Manning the newer organizations and modern equipment in today's army are superb soldiers. Never in our history have we had a better force of intelligent, dedicated, highly skilled men and women in both the Active and Reserve Components. Ninety-one percent of those entering the service last year were high school graduates with diplomas, compared with 55% in FY80. Similarly, last year only about 10% of our new accessions scored in the lowest acceptable category on our entrance tests, compared to 52% in FY80.

Reduced crime statistics and lower AWOL and desertion rates attest to the quality and professionalism of today's soldiers. Increased recruiting resources and expertise, enlisted bonuses and the Army College Fund are significant factors which enhance our ability to attract and keep the quality soldiers we need. However, as demographics change and the economy improves, we will need continued Congressional support to keep the quality soldier in the Army.

QUALITY VS INDISCIPLINE
ACTIVE COMPONENT



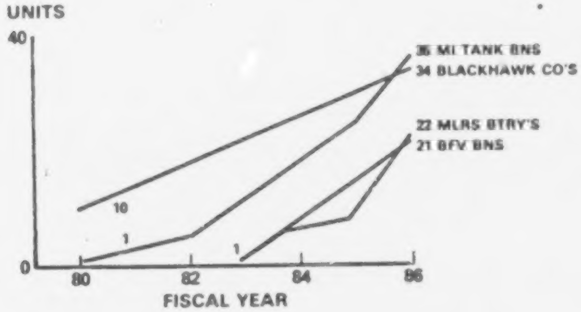
Today's Army has made substantial improvements in equipment. The more modern equipment provides greater capability and increased reliability. New equipment is being procured, and older equipment upgraded. The following chart depicts procurement of some of these systems, as well as some of the less glamorous items.

PROCUREMENT HIGHLIGHTS
FY82—FY86 (FDP)

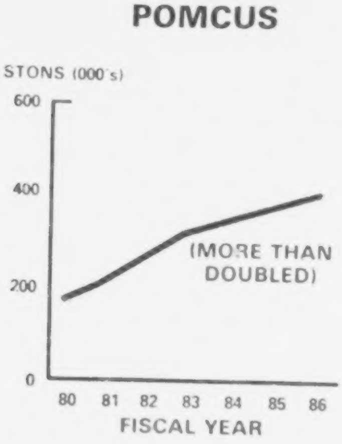
ITEM	ACTUAL PROCUREMENT FY82 FY84 (FDP)	PROJECTED PROCUREMENT FY85 FY86 (FDP)	TOTAL
M1 TANK	2395	1680	4075
M2 BFV	1800	1371	3171
AH64 ATK HELICOPTER	111	288	399
UH60 UTILITY HELICOPTER	276	164	440
PATRIOT MISSILE	903	1025	1928
5 TON TRUCK	11 719	5 570	17 289
10 TON TRUCK (HEMTT)	4 587	1 964	6 551
SINCGARS	1500	27 870	29 370
SECURE VOICE EQUIPMENT	52 420	22 639	75 059
NIGHT SIGHTS	13 588	33 117	46 705

The Army continues to modernize the equipment of the Active and the Reserve Components, particularly the heavy forces which are NATO oriented. The heavy divisions, both in Europe and CONUS, have modernized with M-1 tanks and M-2 Infantry fighting vehicles; our inventories of these modern combat vehicles have increased significantly since 1982 and are budgeted to nearly double by the end of FY 1986. Represented here are the increases in the numbers of units that have received this modern equipment.

MODERNIZED EQUIPMENT IN UNITS
TOTAL ARMY

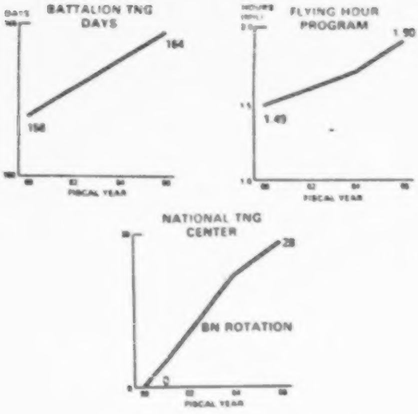


We have also procured equipment and prepositioned it to respond to our international commitments. Prepositioning Army equipment has reduced deployment times and strategic lift requirements. As indicated here, POMCUS fill in Europe by the end of FY86 will have doubled since FY80.



Quality training is a critical dimension of Readiness and continues to increase in tempo and efficiency. Battalion training days have increased. Annual flying hours for aircrews will have increased by over 400,000 hours from FY80 to FY86. Annual investment in simulators has increased four-fold since FY80 and will increase another $103 million dollars by the end of by 1986. These simulators represent state of the art technology and they will provide more realistic training at a lower cost. The National Training Center, opened in FY82, provides the most realistic, tough and demanding training for heavy battalions, short of actual combat, and will be operating at a full capacity of 28 battalion rotations this year. By the end of FY85, 86 battalions, seven of which will have been Army National Guard battalions, will have participated in this training.

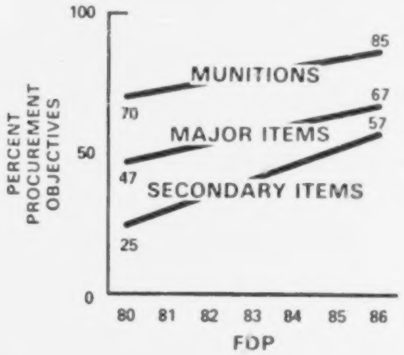
TRAINING READINESS



In our school system, a number of innovations are being used to increase the effectiveness and efficiency of training. For example, the Army has a new and revolutionary staff officer training course at Ft Leavenworth, the Combined Arms and Services Staff School. All warrant officers now receive not only the requisite training in officer skills but also technical certification prior to appointment. To meet force modernization systems requirements which are coming into the force at an accelerated pace, we added primary and basic technical non-commissioned officer courses to insure trained maintenance/supervisory personnel. Additionally, with emphasis on Total Army Readiness, Reserve Component overseas deployment training has risen dramatically. Not only does this improve its training Readiness, it enhances its Capstone alignment and sharpens mobilization and deployment capability.

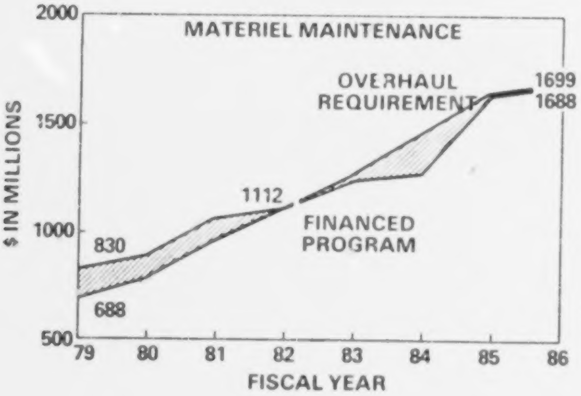
The picture of Total Army Readiness is not complete without considering our ability to sustain our warfighting capability. This chart underscores our committed investment to improving the condition of war reserve stocks. Although gains have been made, we must continue to rectify these shortfalls.

WAR RESERVE STOCKS



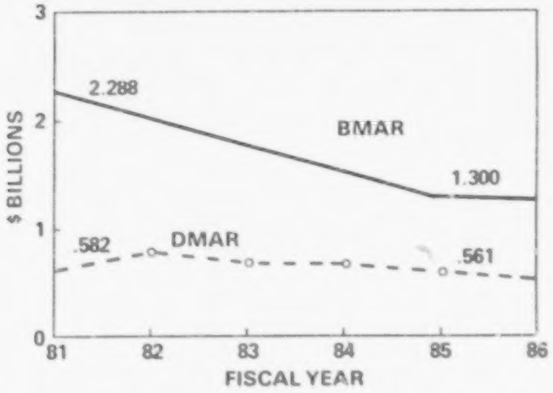
A comprehensive depot maintenance program is vital to the sustainment and Readiness of combat forces. Total materiel maintenance requirements for FY86 are $1.7 billion. Although funding for materiel maintenance has grown $51 million since FY85, an unfinanced requirement of $11 million for FY86 exists. This is within an acceptable range, however, and will not hamper key Readiness initiatives.

DEPOT MAINTENANCE



A viable facilities maintenance program contributes immeasureably to the morale of our soldiers and to the readiness of combat forces. Improved living and working conditions have positive effects on performance, retention and even recruitment efforts. We have made excellent progress in the past three years by reducing the Backlog of Maintenance and Repair (BMAR) by more than $750 million and by reducing the family housing Deferred Maintenance and Repair (DMAR) by over $100 million from its peak in 1982. This has improved the Readiness of soldiers, especially in forward deployed areas. Nevertheless, the backlog remains unacceptably high. The budget request will continue the improvements, but the pace will have to be slowed to accommodate other Army initiatives.

BMAR/DMAR REDUCTION



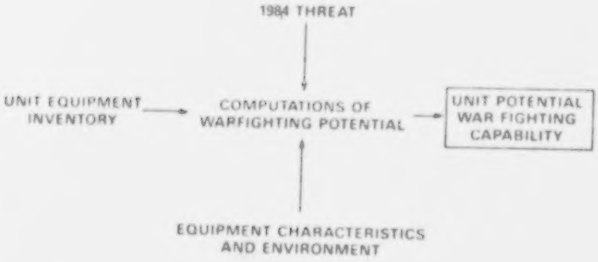
What I have illustrated is the interrelationship of Force Structure, Modernization, Readiness and Sustainability in the overall improvement of Army Capability. Our advances in developing a balanced force structure and supporting it with better people, more and better equipment, more and better training, and improvements in sustainability have all contributed directly to increased actual Readiness and improved warfighting capability.

MEASURING IMPROVED CAPABILITY OF ARMY FORCES (MICAF)

The Army has developed a system called "Measuring Improved Capabilities of Army Forces," or MICAF. It is a quantitative, analytically-based system for measuring and reporting changes in a division's potential warfighting capability due to modernization.

To produce the MICAF results, we take our divisional units and their inventory of equipment-on-hand at several points in time, and fight a series of "duels" between Army divisions and a constant 1984 composite threat division in a European scenario.

MICAF CAPABILITY MODEL


1984 THREAT
UNIT EQUIPMENT INVENTORY
COMPUTATIONS OF WARFIGHTING POTENTIAL
UNIT POTENTIAL WAR FIGHTING CAPABILITY
EQUIPMENT CHARACTERISTICS AND ENVIRONMENT

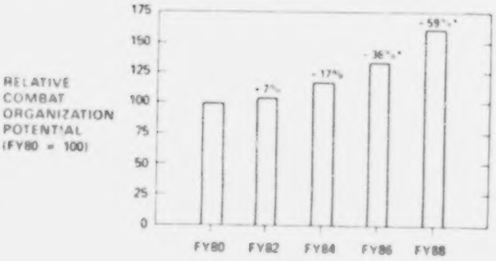
Shown here are the factors both considered and not considered in the MICAF model. MICAF reflects such things as; quantity and quality of many kinds of equipment, quantity of personnel manning and/or supporting operations of equipment, and effects of support on short-term sustainability. On the other hand, not reflected in MICAF are such things as; quality of personnel, morale, leadership, training or unit cohesion and effects of support on long-term sustainability.

MICAF PARAMETERS

DO REFLECT	DO NOT REFLECT
• QUANTITY AND QUALITY OF MANY KINDS OF EQUIPMENT e.g. TANKS, ARTILLERY	• NUMBER OR QUALITIES OF SOME KINDS OF EQUIPMENT e.g. MAINT SHOP SETS
• QUANTITY OF PERSONNEL MANNING SUPPORTING OPERATION OF EQUIPMENT	• QUALITY, MORALE, LEADERSHIP AND TRAINING
• SOME CONTROL FUNCTION CAPABILITIES (i.e. COMMO, EW)	• COMMAND ASPECTS OF CONTROL FUNCTIONS
• PERFORMANCE CHANGES RESULTING FROM ENVIRONMENTAL CONDITIONS (LIMITED TO SENSOR DEGRADATION)	• DETAILED PERFORMANCE DIFFERENCES RESULTING FROM SUPPORT OF COUNTER MEASURES (e.g. COVERING MINES WITH FIRE)
• EFFECTS OF SUPPORT ON SHORTTERM SUSTAINMENT	• EFFECTS OF SUPPORT ON LONG TERM SUSTAINMENT
• SOME REPRESENTATION OF TACTICAL DOCTRINE THROUGH INPUT FACTORS e.g. ENGAGEMENT PREFERENCES AND RANGES	• SOME ASPECT OF TACTICAL DOCTRINE (e.g. MANEUVERABILITY, SURPRISE)

The unit potential warfighting capability improvement for the 16 Active Component divisional units is shown here. The percent change indicated is measured from an FY80 base of 100. The Active Component divisions realized an increase in warfighting capability from actual on-the-ground equipment of 17% between FY80 and FY84. These values also include the contributions of National Guard and Army Reserve Units which round out the respective divisions. Assuming a two year funded delivery period, the modernization initiatives contained in the FY84 budget will result in a projected warfighting potential increase of 36% by FY86. Again assuming a two year funded delivery period and approval of the FY86 budget request, we project an improvement of 59% in FY88.

ACTIVE ARMY DIVISIONS
(INCLUDING ROUNDOUTS)

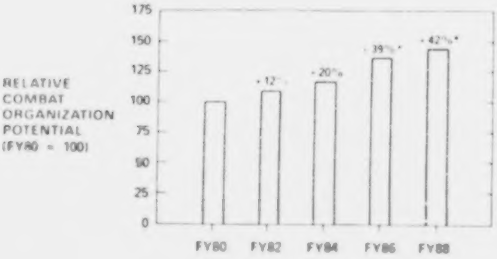


CURRENT FORCE INCREASE 17%

*PROJECTED ESTIMATE

This chart represents the increased potential of the eight National Guard Divisions. The FY80-84 figures represent actual on-the-ground equipment in divisional units. The FY86 and FY88 figures represent the projected increase resulting from the FY84 and FY86 budgets respectively (again assuming a two year funded delivery period).

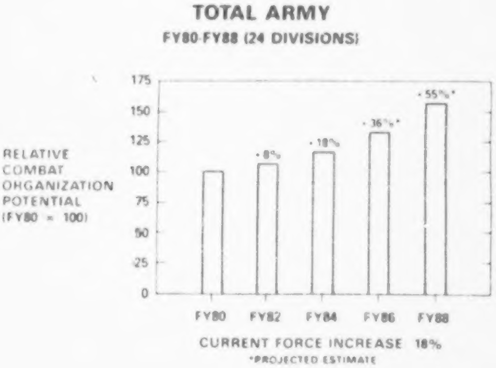
NATIONAL GUARD DIVISIONS
FY80-FY88



CURRENT FORCE INCREASE 20%

*PROJECTED ESTIMATE

This final MICAF comparison chart reflects the Total Army divisional potential warfighting capability increase from FY80. Note that, to date, our divisional potential warfighting capability has increased as a consequence of modernization by 18%, and by FY88 will improve to 55% assuming Congressional support of the FY86 budget.



Certain intangibles greatly affect the Army's Readiness posture. Some of these intangibles are leadership, morale, cohesion and the family environment. Difficult to measure, these are aspects of any unit which play a large part in how that unit functions and its ability to accomplish its mission. I am confident, however, that these intangibles are "well" in the Army. In my travels throughout the Army, in talking with soldiers and observing how hard they train and strive to do things right, I can see and feel these positive components of Total Army Readiness.

SIGNIFICANT SHORTFALLS

Despite the progress we are making with your support, there are still shortfalls which need to be addressed. Strategic mobility continues to be one of the Army's primary concerns. The Army must rely on its sister services, the Air Force and the Navy, to meet its global deployment commitments.

As this chart demonstrates, despite recent improvements in our air and sealift capabilities, substantial shortfalls continue to exist for both inter-theater and intra-theater requirements. Even with the Army's programs for prepositioning equipment, there are significant shortfalls in our ability to project the force and sustain it in combat. Congressional support for the Air Force C-17, the C5B and Civil Reserve Air Fleet (CRAF) enhancements as well as the Navy's SL7 is a positive step toward reducing our airlift/sealift shortfall.

Although we have made progress, POMCUS is inadequate to accommodate follow-on forces. Moreover, shortfalls from specified stockage objectives exist in key war reserve stocks, specifically ammunition, consumable repair parts and personnel support items such as cold weather clothing.

Closely aligned with our need for a sufficient deployability means is our need for a responsive mobilization capability. Shortfalls exist in our ability to quickly mobilize adequate manpower, particularly those with specialized skills.

The Army continues to identify and correct deficiencies in the capability of CONUS installations to outload early deploying and mobilizing units. Likewise, outloading deficiencies at many deployment installations are being corrected. Additional funding is required, however, if we are to be postured in peacetime to facilitate rapid deployment in war.

Our failure to modernize our chemical defensive and retaliatory capability is a significant concern. The Soviet Union already has a formidable and expanding chemical warfare capability, and continues to devote significant resources to research and development of chemical warfare programs. Moreover, they have repeatedly demonstrated a willingness to employ these weapons. Being able to fight under chemical warfare conditions is a special aspect of our Readiness. Last year I provided the Armed Services and Appropriations Committees a special report on Chemical Defense Readiness, in response to a requirement from the FY84 Appropriation Act. This classified report addresses the progress we have made and the limitations we face. The FY86 request continues our effort to resolve those deficiencies. Nearly three-quarters of the Army's Nuclear-Biological-Chemical budget request is for defensive measures. However, defense by itself does not do the job. The cost is too high. Chemical defense equipment and procedures impose a 30-50% loss of fighting capability. We cannot allow such a one-sided advantage to an enemy who uses chemicals.

Our critical requirement is for a modern, safe, and effective deterrent and retaliatory capability. First we need a capability which is effective, and which others know is effective, in order to deter them from initiating chemical warfare. Then we need a capability to strike back and even the odds if they decide to use chemicals anyway. Our present capability is old and deteriorating. Only a small portion, about 10%, is the right combination to match the AirLand battlefield requirements. Our current munitions are already filled with lethal chemical agents and are hazardous to store, handle, and deploy. Binary munitions will give us a stockpile which meets the requirements of today's battlefield doctrine, one which is much safer to store and handle, and also one which is smaller. Then we can dispose of the old, obsolete munitions we now have to contend with.

The FY86 request provides the funds to start production of the 155MM binary artillery projectile, build production base facilities in support of the Navy's Bigeye Bomb, and to prepare for destruction of existing chemical weapons. It also has the funds to continue development of a chemical capability for the multiple-launch rocket system (MLRS). This will help fill the gap between short range artillery and deep strike systems.

The asymmetry in chemical warfare capabilities could provide the Soviet Union the ability to nullify our entire modernization program and thereby lower the nuclear threshold. Until we have a modern deterrent and retaliatory capability we jeopardize many of our other recent improvements in weaponry and invite the one-sided use of chemicals against us. I strongly solicit Congressional support for this program which is vital to our National Defense.

CLOSING

This year the Army theme is Leadership. We in the Army will focus all our efforts to make Army leaders and soldiers the best possible. Ours is a dangerous world. Many conflicts, from insurgency and terrorism to conventional warfare, are currently being waged. We expect to be outnumbered on any battlefield upon which we stand. Ultimately, however, it will be the human spirit, responding to outstanding leadership, which will permit us to prevail.

The excellence that we are striving to achieve and maintain in the Army is necessary to respond to the challenges of a turbulent, violence-prone world where military strength and the will to use it can deter conflict, or defend our national interests if deterrence fails. A condition of nuclear stalemate underscores the importance of landpower to the deterrence of war. Concomitantly, this places an increased burden of responsibility on the army to provide leaders and forces capable of responding to the national interest across the spectrum of warfare.

Today's Army is stronger and better equipped to perform its mission than at any time in its recent history. A balanced force of Active, Reserve and Civilian components provides this nation with a capability to meet the wide range of contingencies for which we must prepare.

We are at a critical juncture today. The progress that we have made in recent years reflects the support and cooperation of Congress. Continued support will be essential to meet the Readiness, Modernization, Sustainment, and Force Structure challenges of the future Army of Excellence.

Mr. Chairman, I have addressed readiness in its broad sense. I now stand ready to provide this Subcommittee with the more detailed information it may need to continue to support improvements in the Army's Readiness and warfighting capabilities.

General **Mahaffey**. I would like to highlight now some of the more important aspects of our readiness. I know that you are particularly interested in those improvements in readiness and capability that have occurred as a result of increased funding for the Army over the past few years.

In order to respond to that interest, I will discuss three separate, but related, dimensions of Army readiness, the first of which has to do with the Army's unit status reporting system; second, improvements in the Army's real readiness; and finally, what the Army is doing to improve our ability to measure and report changes in our warfighting capability that result from the most comprehensive modernization in the Army's peacetime history.

Speaking first to the matter of unit status reporting, it is important to note that readiness is dependent upon such measurable indicators as the quantity of trained personnel and the amount of serviceable equipment on hand to perform the mission in the unit at any given point in time, as well as such important intangibles as cohesion, morale, and the quality of personnel and leadership.

UNIT STATUS REPORT

The Unit Status Report is, for the Army, a valuable internal management tool which provides a snapshot or a point in time review of selected unit readiness indicators. It does not reflect all of a unit's readiness indicators nor its warfighting capability.

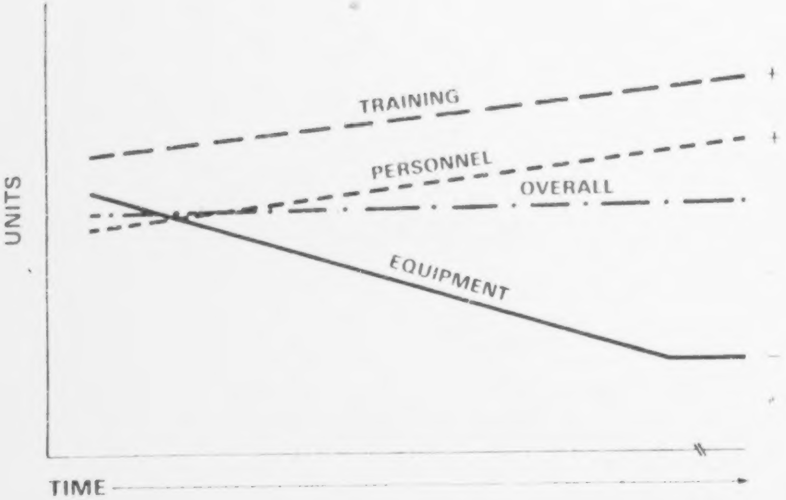
Specifically, what it does indicate is the status of personnel, equipment on hand, and equipment serviceability as measured against the unit's wartime requirements, and it provides an assessment of the unit's training proficiency in light of the resources which the Department of the Army has made available to the reporting Commander.

Now, these indicators reflect a very limited view of the unit's actual warfighting capability. For example, two tank battalions, one equipped with 54 M60 tanks that were authorized by what I will refer to as the premodernization table of organization and equipment, and the other equipped with 58 M1 tanks that are now authorized under the modernized table of organization and equipment, can each, under the current unit status reporting system, report the same status—C1, C2, C3, and so on—even though the modernized battalion has a much greater capability against the threat than the one equipped with the old tanks.

I would remind you that the system, which has been much misinterpreted and misunderstood, was developed primarily as an internal management tool for the purpose of allocating resources, people, equipment, and dollars according to a set of internal priorities and then gauging how well we were doing in satisfying those requirements.

It was not intended as an accurate nor a comprehensive measure of readiness in its broader sense.

ACTIVE AND RESERVE COMPONENT UNIT STATUS



This first chart notionally portrays what Unit Status Reports reflect in the way of rating trends in the four measured areas over the past 4 years. The actual percentage increases and decreases have been provided in the classified statement for the record. As you can see, the reported status of training and personnel has substantially improved over the past few years.

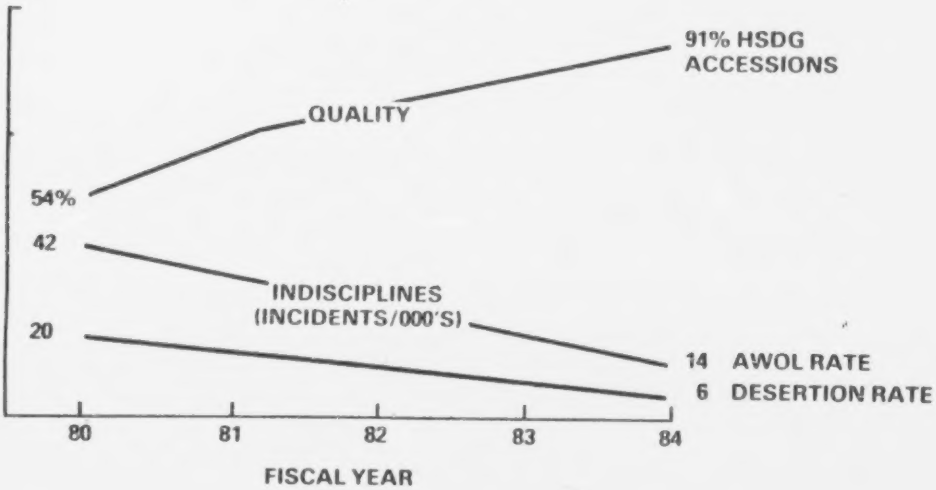
Although reported equipment-on-hand ratings declined during the early 1980's, they have stabilized over this past year. In fact, real equipment shortages do exist throughout the Army, but the primary reason for the apparent decline in the equipment-on-hand ratings was that equipment requirements specified in new authorization documents and developed as part of our broader modernization effort were changing faster than new equipment was available for fielding. These changes in both the qualitative and quantitative requirements are driven by force structure improvements and equipment modernization, both of which, of course, represent a response to the modernizing threat.

Now, the resulting decline in the equipment-on-hand ratings does not, in most cases, represent a real reduction in Army readiness or capability. In fact, even as equipment-on-hand ratings declined, the real readiness and the combat potential of most Army units has greatly improved, due to the factors that I will discuss next.

As a footnote, let me add that the Army is working to improve the synchronization of equipment fielding and documentation changes to eliminate these distortions in equipment-on-hand ratings. As a result of correcting this problem and the many other initiatives that are being taken to fix those actual equipment problems which do exist in Army units, we expect that equipment-on-hand ratings will significantly turn up during fiscal year 1985.

Let me speak now to the matter of real readiness.

QUALITY VS INDISCIPLINE
ACTIVE COMPONENT



Real readiness of the Army is clearly improving rapidly because of the substantial dollars that have been appropriated by the Congress over the past few years. I would like to outline for you some of the major indicators of that upturn, beginning with our people.

Never in our history have we had a better force of intelligent, dedicated and highly skilled men and women in both the Active and the Reserve components. Ninety-one percent of those entering the service last year were high school graduates with diplomas, compared with some 54 percent in fiscal year 1980.

Similarly, last year, only 10 percent of our new accessions scored in the lowest acceptable category on our entrance tests compared to 52 percent in fiscal year 1980. Reduced crime statistics and lower AWOL and desertion rates attest to the higher quality of today's soldiers. Since fiscal year 1980, AWOL's have declined by 67 percent and desertions by 70 percent, both of which represent an all-time low in the Army's history.

DRUG PROBLEMS

Senator **Humphrey**. Permit me to interrupt you, General. Can you draw for us, verbally, the line for drug problems? Do you have any statistics, anything that we can make a basis for judgment?

General **Porter**. Let me see here, sir. I should have some information that I can give to you. Our rates per thousand——

Senator HUMPHREY. Rates constituting what? Disciplinary actions for drug use, or what? Discharges?

General PORTER. Marijuana use and possession, and this would normally, sir, result in a disciplinary action. In fiscal year 1974, we were running over 7.5, 7.7 incidents per thousand, almost 7.8 for marijuana. In fiscal year 1984, that had diminished to 2.6 per thousand, a reduction of over 5.

Senator HUMPHREY. Do you have an intermediate figure like 1980 or 1982?

General PORTER. I do not have those, but I would——

Senator HUMPHREY. Has it been a steady downward trend?

General PORTER. Well, here is 1983. 1983 is 3.5 per thousand and 1.1 for other drugs. So it has been a steady downward trend.

Senator HUMPHREY. And the other drug category has likewise been steadily declining?

General PORTER. That is correct, sir. It has gone down from almost 2 per thousand in 1974 to 1.1 per thousand in 1983, and .88 or less than 1 per thousand in 1984.

ALCOHOL SITUATION

Senator HUMPHREY. OK. How about the alcohol situation? Do you have similar statistics for that? And how do you define that? Is that a disciplinary action as well?

General PORTER. The possession and use of alcohol is not illegal. Now, if one becomes inebriated and commits an act of misconduct, careless or reckless driving, this certainly can and frequently does result in letters of reprimand, and non-judicial punishment normally can be administered under the provisions of article 15 of the Uniform Code of Military Justice.

Senator HUMPHREY. I will tell you what. We can continue and you can have your staff look for those numbers if you wish.

General PORTER. I have got this split in a number of different ways here.

Senator HUMPHREY. Whatever you like.

General PORTER. I can give it to you in enrollments in our alcohol and drug treatment programs. Let me just tell you, if a soldier is apprehended for either alcohol or drug abuse, then it is mandatory that that soldier be entered into an alcoholic or drug rehabilitation program.

Senator HUMPHREY. Apprehended by civilian authorities?

General PORTER. Civilian or military authorities.

Senator HUMPHREY. Do you mean a drunk driving kind of thing?

General PORTER. Drunk driving; yes, sir.

Senator HUMPHREY. OK. That is a good yardstick. What do you have on that?

General PORTER. In fiscal year 1983, we had 22,600 enrolled in the program for alcohol. In fiscal year 1984 essentially the same, 22,889. It was a deviation of 289. That is not a significant deviation at that level.

Senator HUMPHREY. Do you have something a few years prior to that?

General PORTER. Sir, I do not have.

Senator **Humphrey**. Well, has it been a downward trend or has that remained a problem?

General **Porter**. Alcohol remains a problem in the Army, and I would say that as the incidence of drug abuse goes down, we could see the incidence of alcohol go up. However, that is a normal phenomenon that one would see. We have seen in the past, recent past, with the increased enforcement by State and local authorities as well as the military, an increased emphasis on this by the chain of command to include more pressure by letter of reprimand and article 15 usage. The use of alcohol has dropped dramatically, as have automobile fatalities for drunk driving.

Senator **Humphrey**. It has dropped dramatically. That is still a pretty big number, though, isn't it, 22,600? What does that work out to per thousand?

General **Porter**. Out of 780,000, sir, it is not a large percentage. But to state that the Army has neither an alcohol nor a drug problem would be a false statement.

Senator **Humphrey**. Well, I understand that. It is part of society. I am just trying to see what the correlation has been between the increased quality of personnel and some of these other yardsticks of problems.

General **Porter**. Well, the incidence of AWOL and other discipline acts, barracks larceny, assault, damage to personal property, et cetera, is at the lowest ebb that we have ever seen in the Army.

DRUG AND ALCOHOL INDICES

Senator **Humphrey**. Good. Now, not to overemphasize this issue, but let me just make this request. General Mahaffey, will you have someone construct for me a little chart like the kind you are using here, starting from 1970 or somewhere back then with alcohol and drug indices?

General **Porter**. We will have that for you, sir. And that rate, sir, was 29 per thousand.

Senator **Humphrey**. Do that in the form of a letter to me, would you, because I do not have the time to come back and read the submission to the record.

So if you will send that to me in letter form, I would appreciate it.

[Additional information follows:]

ALCOHOL AND DRUG INDICES

The following chart depicts annual offense rates per 1,000 for marijuana use and possession, other drug offenses, and driving while intoxicated (DWI) offenses. The category "other drug offenses" includes use and possession of all non-cannabis controlled substances and all drug distribution (trafficking) offenses.

	Marijuana use/poss	Other drug offenses	DWI
Calendar year:			
1971	9.48	10.18	1.72
1972	12.56	6.90	6.98
1973	23.72	7.85	7.56
1974	32.50	8.22	8.33
1975	28.63	8.43	11.82
1976	32.58	6.10	12.60

	Marijuana use/poss	Other drug offenses	DWI
1977	28.83	5.36	12.70
1978	28.19	5.32	12.97
1979	27.32	6.46	13.67
1980	26.38	5.40	13.04
1981	31.04	5.10	15.05
1982	24.49	5.27	17.86
1983	14.94	4.85	24.13
1984	10.41	3.70	24.30

1971 was the first year that statistics for all drug offenses were maintained at the Headquarters, Department of Army level. The 1971 DWI rate is based on incomplete data as 1972 was the first full year in which DWI statistics were kept at the Headquarters, Department of Army level.

Senator HUMPHREY. General Mahaffey, please go ahead. And excuse me for interrupting, but as long as there are no other members of the committee, it is just as well to proceed that way.

General MAHAFFEY. Certainly.

In the equipment area, as you know, Senator, we continue to modernize both the Active and the Reserve components on what I would describe as a measured basis.

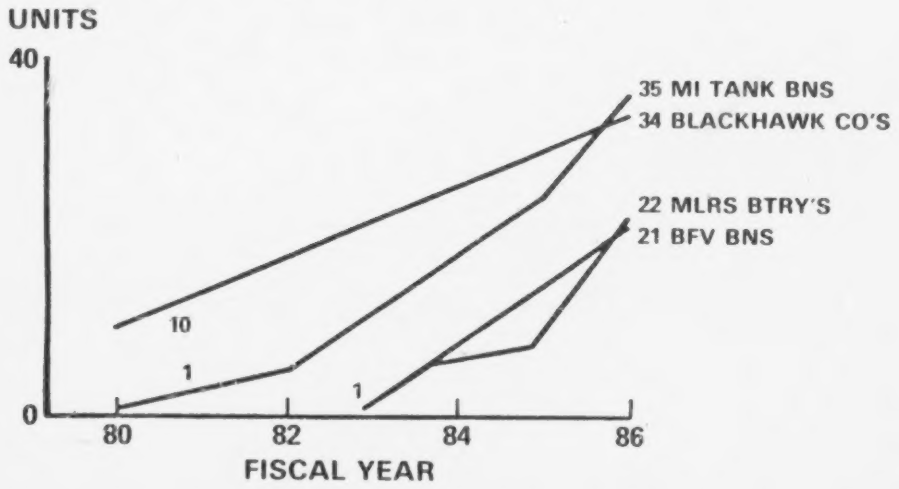
PROCUREMENT HIGHLIGHTS FY82—FY86 (FDP)

ITEM	ACTUAL PROCUREMENT FY82 FY84 (FDP)	PROJECTED PROCUREMENT FY85 FY86 (FDP)	TOTAL
M1 TANK	2395	1680	4075
M2 BFV	1800	1371	3171
AH64 ATK HELICOPTER	171	288	399
UH60 UTILITY HELICOPTER	276	164	440
PATRIOT MISSILE	903	1025	1928
5 TON TRUCK	11,719	5,570	17,289
10 TON TRUCK (HEMTT)	4,587	1,964	6,551
SINCGARS	1500	27,870	29,370
SECURE VOICE EQUIPMENT	52,420	22,639	75,059
NIGHT SIGHTS	13,588	33,117	46,705

Our heavy divisions, both in Europe and here in the Continental United States, are fielding major quantities of the new M1 tank and the M2 infantry fighting vehicle. Our inventories of these combat vehicles are programmed to nearly double by the end of 1986.

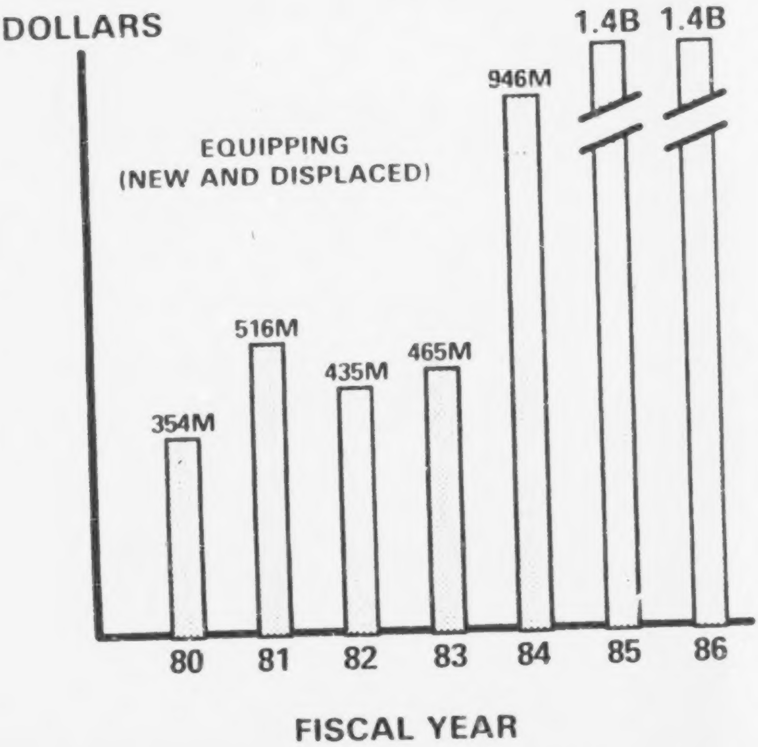
This chart depicts the aggregate quantities of some of the major systems that the dollars appropriated by the Congress have enabled us to procure since fiscal year 1982.

MODERNIZED EQUIPMENT IN UNITS
TOTAL ARMY



Shown in this chart is the translation of those increases into units that are now fielding this new equipment. Thirty-five tank battalions are now equipped with the M1; 34 aviation companies with the Blackhawk utility helicopter; 21 mechanized infantry battalions with the Bradley fighting vehicle; and 22 batteries of the multiple launch rocket system have now been fielded.

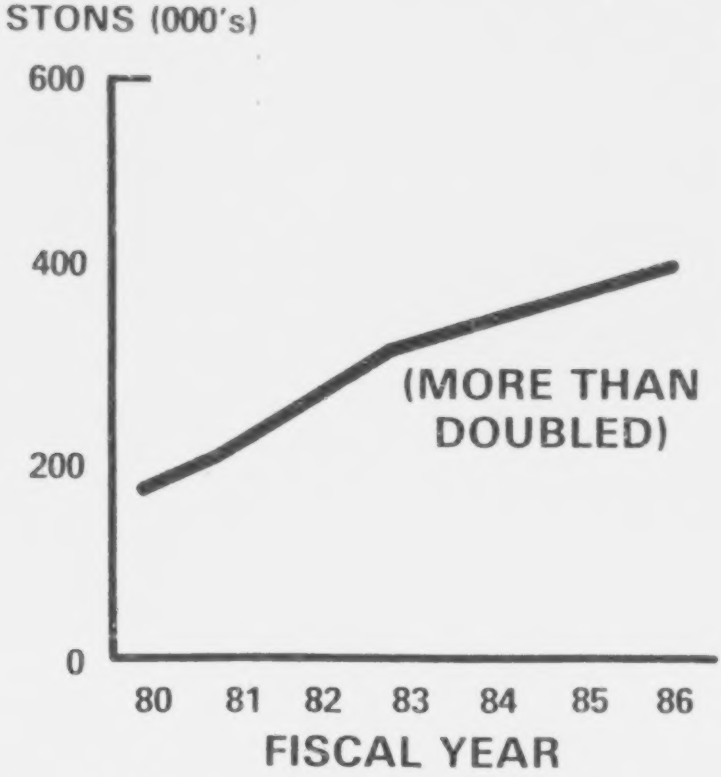
RESERVE COMPONENTS



The Reserve components are also getting more and better equipment. In fiscal year 1984 they received over $900 million worth of new equipment. In both fiscal year 1985 and fiscal year 1986, they will receive another $1.4 billion worth in each of those years. The fiscal year 1986 budget request also supports a program of accelerated modernization of the Reserve components, including an increase to previously programmed levels of 6 tank battalion sets, from 8 to 14; 21 additional AH-1S attack helicopters, from 159 to 180; and one additional air defense battalion.

The Army is also increasing the pre-positioning of equipment in both Europe and Korea.

POMCUS



By the end of fiscal year 1986, our POMCUS stocks in Europe will have more than doubled since 1980 as shown on this chart.

Senator HUMPHREY. OK. Let me ask you some things about that. That is very good progress, obviously, but how does that match up against the requirement?

General MAHAFFEY. The total requirement is measured in short tons for the six division sets and for some support units as a part of the POMCUS Program. So, in general terms, you could see that we are at about the 50–55 percent mark.

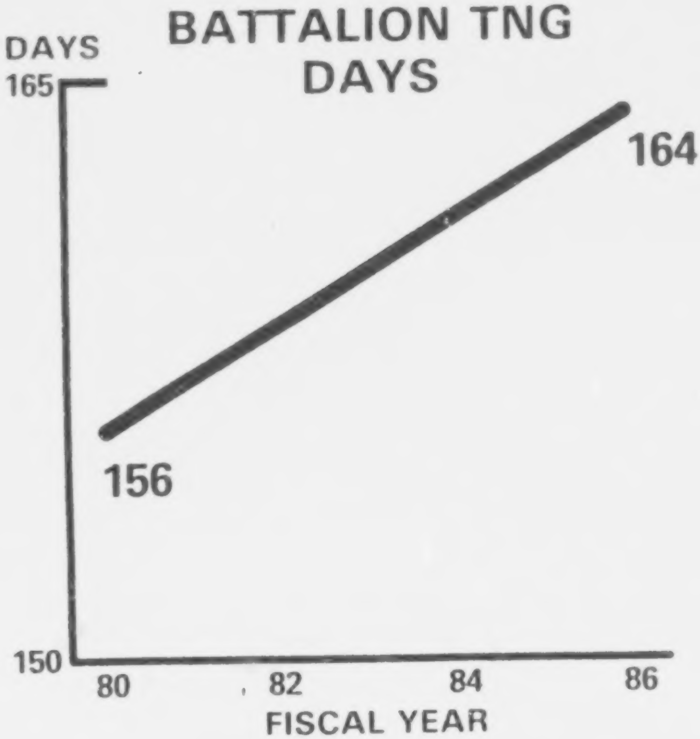
Now, I should also add, Senator, that the rate at which we fill POMCUS is constrained by other factors, not just by the level of procurement dollars. There is, first, the question of the availability of the humidity-controlled warehouses in Europe in which to store the equipment. There again, we have a constraint from what we require, and that is driven by the decisions made in NATO for infrastructure funding. That acts as one constraint. The other is the restriction which the Congress has placed upon us, mandating that before we place equipment in POMCUS, we must ensure that there is at least a 70 percent fill of that equipment in the Active units of the Army, and 50 percent fill in the Reserve component.

All of that taken into the calculus means that we fill POMCUS at a substantially lower rate than what we might wish to in order to fulfill our commitment to be able to deploy and outfit those six additional divisions by M plus 10.

Senator HUMPHREY. Thank you.

General MAHAFFEY. Quality training also continues to increase, both in tempo and in efficiency.

TRAINING READINESS



The average battalion training days throughout the Active Army, which is our standard of measure for the tempo of training, continued to increase as is shown here.

Senator HUMPHREY. Excuse me again. Battalion training days, 164. How does that compare with your goal?

General MAHAFFEY. Well, we have shown an upper limit there of about 165 and it is a rough measure, Senator. It is hard to give you a precise answer because it will vary, depending on the peculiarities of the terrain, the range availability, and the region of the world in which they are located.

Upwards of about 160 battalion training days, 160 to 170 battalion training days is probably about right on the average. Again, there will be some major fluctuation between major commands.

Senator **Humphrey**. OK

General **Mahaffey**. It is more a reflection of the level of O&M funding that we have appropriated for training support than it is any specific number of battalion days that will be spent in the field.

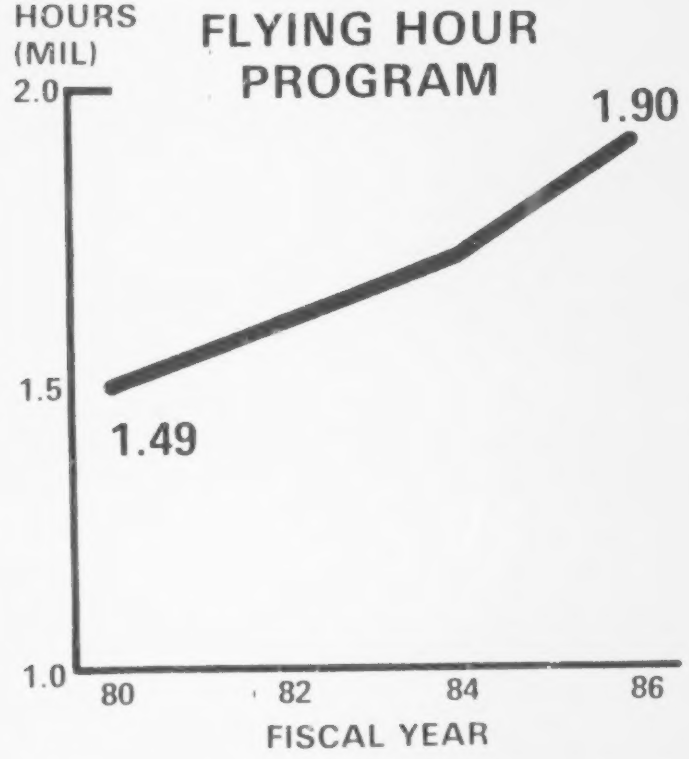
Senator **Humphrey**. There isn't some ideal, some theoretical level that constitutes a goal?

General **Mahaffey**. Yes, there is. We have developed what we refer to as a battalion training model, and it spells out in some detail within a year's training time the number of days that we would like to see, ideally, each of our battalions spend in conducting certain kinds of training activities.

We spell those out in detail, and the number of times each year we would like to see them repeat that training in order to sustain their proficiency. That is all wrapped up in what we call a battalion training model, and on the average, as I say, it would describe training involving about 170 or so average days.

Senator **Humphrey**. OK.

TRAINING READINESS



General MAHAFFEY. Our annual flying hours for air crews will have increased by over 400,000 hours from fiscal year 1980 to fiscal year 1986. More precisely, we will have increased flying hours from fiscal year 1985 to fiscal year 1986 by about 120,000 additional hours. We will continue that ramp-up through fiscal year 1988, at which time, based upon our current program, we will have reached the minimum required level of flying hour allocations for our air crews.

Senator HUMPHREY. OK. What does this work out to per pilot?

General MAHAFFEY. Here again, Senator, it varies depending upon the type of aircraft that you are talking about. I have the numbers here if you are interested, but the number of hours allocated per air crew for the attack helicopter would vary substantially from that allocated for the Scout helicopter.

Senator HUMPHREY. OK. Let's run through those so we can see those trends.

General MAHAFFEY. Ideally, what we would like to see by type aircraft is for the AH-1 attack helicopter, 20 hours per crew per month.

Senator **Humphrey**. Is that the Cobra?

General **Mahaffey**. It is the Cobra, 20 hours per month; for the OH-58 which is the Scout helicopter, the desired level of proficiency involves 18 hours per crew per month.

Senator **Humphrey**. That is the little Hughes?

General **Mahaffey**. It is a Bell. The little Hughes is the OH-6 and, of course, that is no longer in our inventory. For the UH-60, which is the Blackhawk, the number of hours is 22 1/2 hours per crew per month, and for the UH-1, our old Huey utility aircraft, 25 hours per crew per month.

Now, what we have programmed against those requirements in fiscal year 1986 for the AH-1 is 15.1 hours per crew per month. That is an increase of about 2, on the average, 2 hours over the fiscal year 1985 level. For the Scout helicopter——

Senator **Humphrey**. Excuse me. I would like to measure that in a different way if we can. I would like to look at what you have realized. You can give me what you are projecting in 1986, but that, of course, is only a projection. What I want to know is what happened in 1985 versus 1984 and so on.

General **Mahaffey**. I don't have the 1984 figures with me, Senator, but I can furnish that information for you. I have the growth or the improvement from 1985 to 1986, but I do not have the 1984 hours with me.

Senator **Humphrey**. OK. I would like to have that information, the flying hours per crew for each of those types over the last 4 years, including 1984.

General **Mahaffey**. Very well, I would be glad to do that.

[The information follows:]

FLYING HOURS

Flying hours per crew for the Army's four major tactical helicopter systems are listed below. Prior to fiscal year 1984, the Army did not maintain aircrew operating tempo data. The operating tempos represented below are compiled from actual flying hour execution data and aircraft year end inventories and are the Army's best estimate.

OPERATING TEMPO'S

[hours/crew/month]

	fiscal year						
	Actual					Projected	
	1980	1981	1982	1983	1984	1985	1986
AH-1	8.7	8.5	8.9	8.0	8.9	12.9	15.1
OH-58	11.6	12.2	12.7	10.6	11.9	12.5	13.6
UH-60	21.0	15.8	14.7	11.6	12.7	16.8	21.9
UH-1	16.6	17.6	16.5	13.4	19.3	22.9	22.0

Total Army flying hour increases from fiscal year 1980 through fiscal year 1986 are shown below as are total hours for each of the four major tactical helicopter systems.

Total Army Flying Hours

Fiscal year (actual):	*Millions*
1980	1.52
1981	1.61

1982	1.57
1983	1.59
1984	1.65
Fiscal year (projected):	
1985	1.79
1986	1.91

TOTAL HOURS BY AIRCRAFT SYSTEM

[In thousands]

	Fiscal year						
	Actual					Projected	
	1980	1981	1982	1983	1984	1985	1986
AH-1	100	105	112	115	123	145	265
OH-58	282	295	294	279	282	280	325
UH-60	18	34	51	63	83	134	188
UH-1	779	812	746	758	725	784	758

General **Mahaffey**. I can summarize it this way. I can tell you the number of flying hours in the aggregate that increased from fiscal year 1984 to 1985 was 140,000 additional flying hours, and then from fiscal year 1985 to fiscal year 1988, 120,000 flying hours. You get some feel for the ramp-up in total hours. I can give you that breakout by type aircraft.

Senator **Humphrey**. Well, is it a case where for each of these types, the flying hours per crew have been steadily increasing for the last 5 years?

General **Mahaffey**. No. As a matter of fact, we found ourselves at a low point in flying hours per crew in fiscal year 1984 as a result of some investment decisions made about 2 years prior to that time. It takes about two years of funded delivery time on spare parts for us to be able to actually support flying hours.

So we were at a low point in fiscal 1983. We have shown substantial improvement in 1985, even more substantial improvement in 1986 to the tune of 120,000 additional hours, and by fiscal year 1988 expect to be at about our minimum required levels with all of the spares in hand.

Senator **Humphrey**. OK. 1983 was the bottom of a dip.

General **Mahaffey**. That is about right.

Senator **Humphrey**. And 1985 is up. Is 1985 up to——

General **Mahaffey**. An additional 140,000 hours in 1985 over the 1984 level.

Senator **Humphrey**. Right. But does that raise it? What was it in 1982, let's say? Is 1985 going to be level with or above 1982?

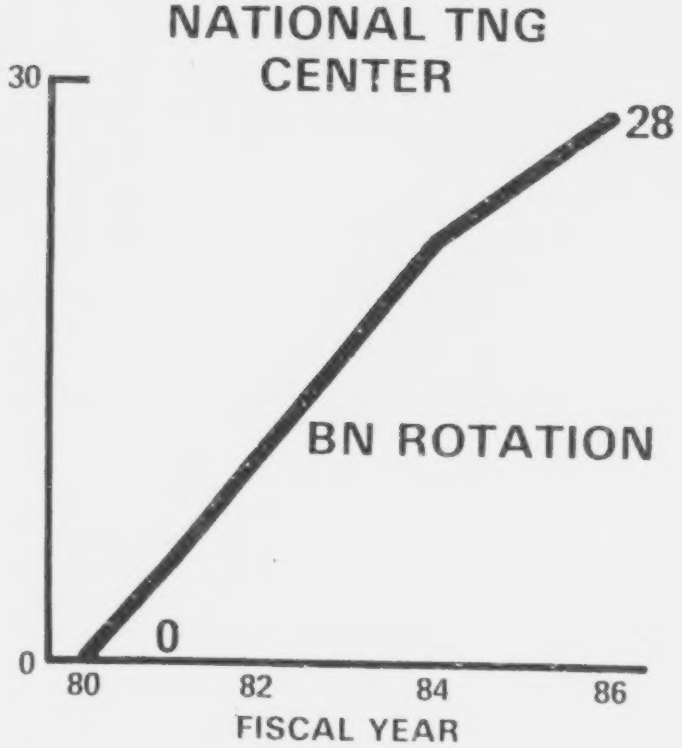
General **Mahaffey**. I believe it is, substantially. Again, I do not have the 1982 figures, and I will furnish them. But I am relatively certain that it would represent a substantial improvement over 1982, both because we have made those investments in 1985, and also because of the growth of the fleet since 1982.

Senator **Humphrey**. Well, I am interested in hours per crew as a yardstick.

General **Mahaffey**. We have that data, and I would be glad to furnish it to you.

Senator **Humphrey**. Thank you.

TRAINING READINESS



General MAHAFFEY. I would also tell you that battalion rotations at the National Training Center will reach a maximum capacity of 28 this year.

BATTALION ROTATION

Senator HUMPHREY. Let me interrupt you again. Back to battalion rotation. Is 30 the goal?

General MAHAFFEY. No; 28 is the maximum capacity for the heavy, meaning the mechanized and tank, battalions that train out there. That is about all that our instrumentation, target array, support personnel and equipment on site will handle.

Senator HUMPHREY. So you are facility-limited?

General MAHAFFEY. We are maxed out for those kinds of battalions now. In order to really optimize our investment out there, one of the things that we are trying to do now is to rotate on a noninterference basis additional light battalions who can make use of much of the idle terrain while the heavy battalions are training, and thereby, as I say, help maximize our substantial investment.

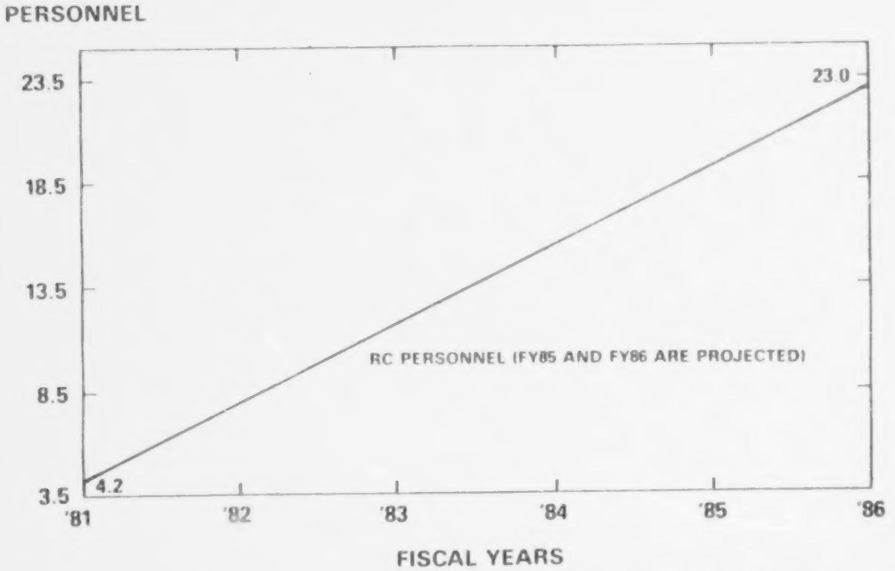
So there will be in the aggregate higher numbers of battalions, but 28 is the maximum number of heavy battalions that we can get through there in a year's time.

I might mention as an aside that we are looking at the use of the National Training Center and that experience as a right of passage, if you will, for our COHORT battalions that we are now raising at Fort Hood, TX and elsewhere.

We will bring them up to a peak of readinesss, put them through the National Training Center experience just prior to their deployment overseas, and then rotate them for a limited number of battalions in Europe, beginning in fiscal year 1986. The National Training Center has a lot of valuable applications for us.

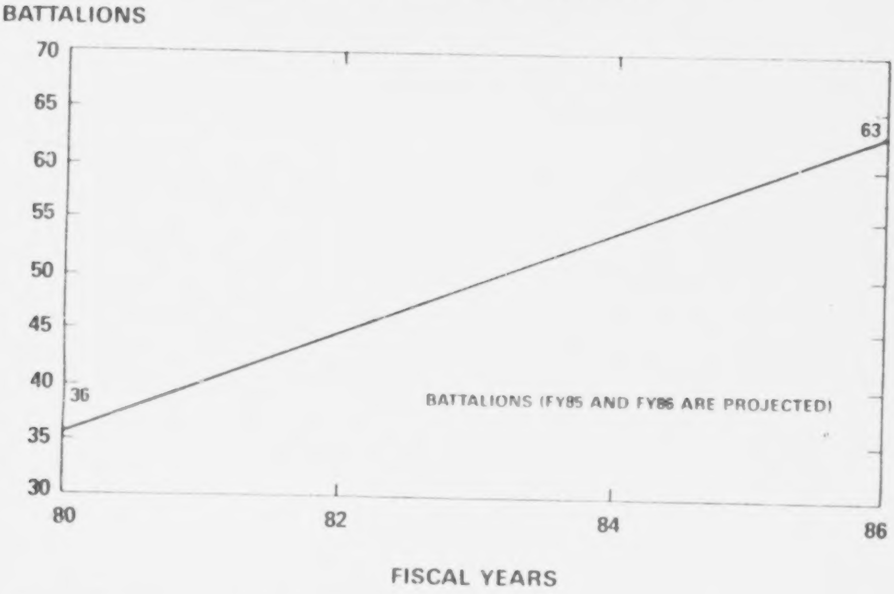
RC OVERSEAS DEPLOYMENT TRAINING

PERSONNEL IN 000's



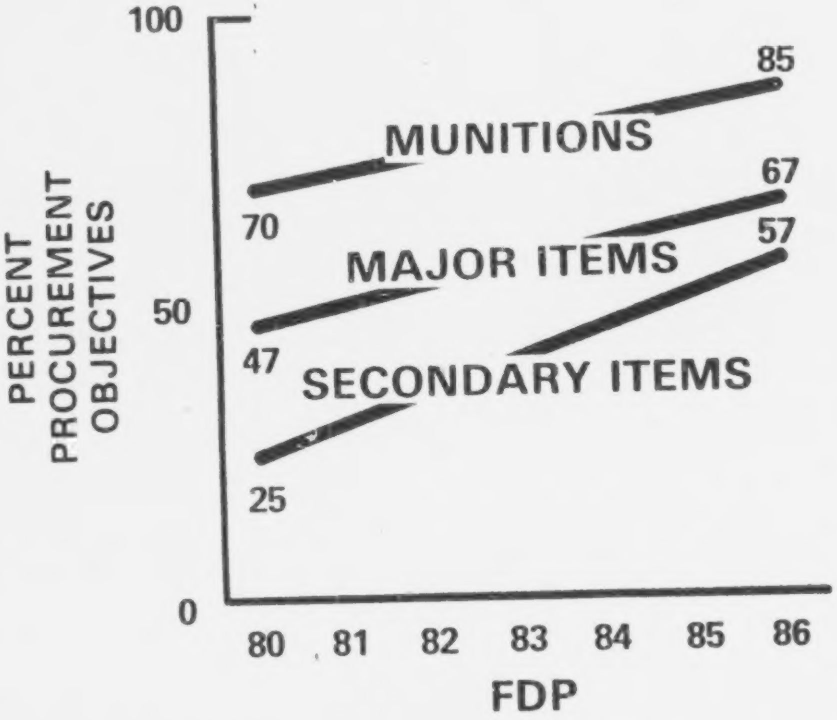
Overseas deployment training for both Active and Reserve component personnel in units has also increased, as shown here. Overseas training by Reserve component personnel has increased by over 15,000 since fiscal year 1981.

OCONUS DEPLOYMENT TRAINING BATTALIONS DEPLOYED



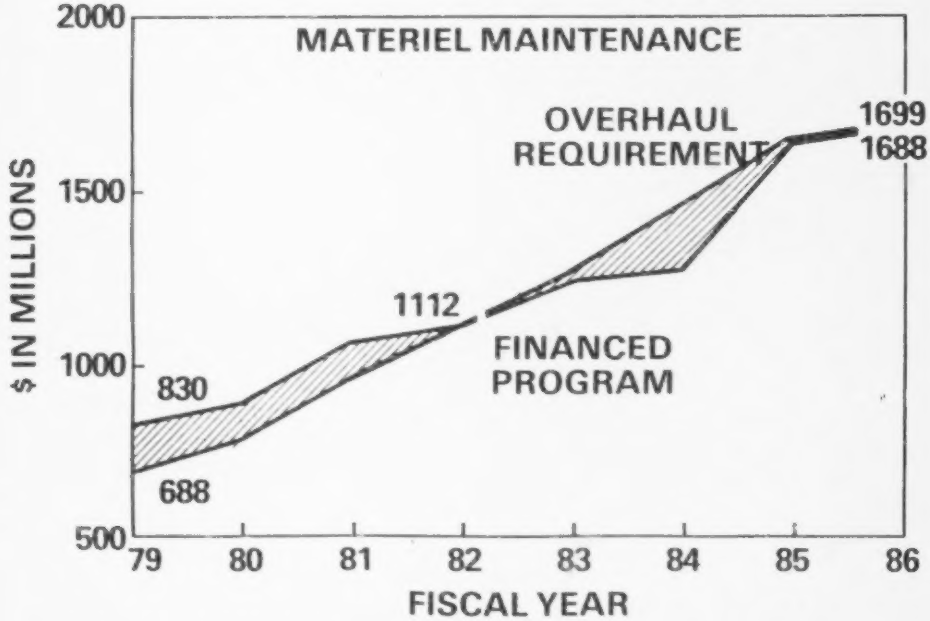
The number of both Active and Reserve battalions deploying overseas also continues to increase.

WAR RESERVE STOCKS



The picture of total Army warfighting capability is not complete without considering our ability to sustain our operations. This chart underscores our committed investment to improving the condition of war reserve stocks measured in terms of munitions, major items, and secondary items. A comprehensive depot maintenance program is also vital to the support and readiness of combat forces.

DEPOT MAINTENANCE



Total materiel maintenance requirements for fiscal 1986 are calculated at $1.7 billion. Although there will be an unfinanced requirement of $11 million, we believe that this is within an acceptable range and will not hamper key readiness initiatives in any significant way.

Senator HUMPHREY. I am not sure I understand this chart. When the lines essentially match, as they do for your 1986 proposal, does that mean that there is a reduction in the backlog, or simply that the backlog is static?

General MAHAFFEY. It means that there is a substantial reduction in the backlog itself from prior years to fiscal year 1986. We are funding our maintenance requirements at about the 99 percent level in fiscal year 1986.

Senator HUMPHREY. When you talk about the overall requirement, does that mean the requirement for a given year or does that requirement also include a backlog?

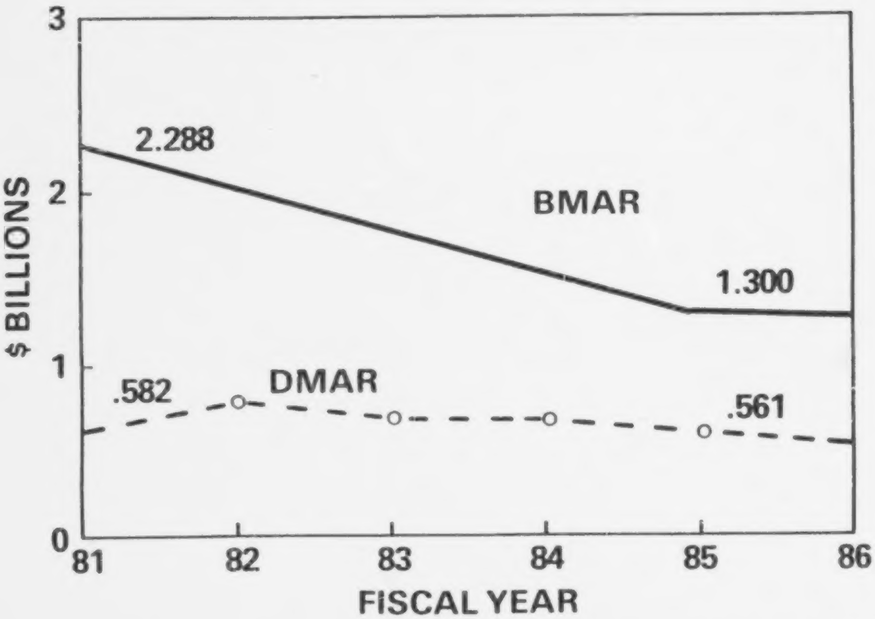
General MAHAFFEY. Both. It includes both. The specific $11 million figure refers to the fiscal year 1986 requirement, but given the level of funding, almost $1.7 billion, we are making a substantial dip in the cumulative backlog as well.

Senator HUMPHREY. But in any case, irrespective of the 1986 appropriation, whatever that may be, as a result of the 1985 appropriation you will have zero backlog. Is that how I read that?

General MAHAFFEY. No, it isn't zero, but it is down at minimum levels for material maintenance. I have the figures and they are part of our formal statement for the record.

Senator HUMPHREY. Good. Excellent.

BMAR/DMAR REDUCTION



General **Mahaffey**. A sustained facilities maintenance program also contributes directly to the morale of our soldiers and to the readiness of combat forces. We have made excellent progress in the past 3 years by reducing the backlog of maintenance and repair by more than three-quarters of a billion dollars, and by reducing the family housing deferred maintenance and repair program by over $100 million from its peak in fiscal year 1982.

Our advances in developing a balanced force structure and supporting it with better people, more and better equipment, training, and our improvements in support of facilities have all contributed directly to increasing both our actual readiness and improved warfighting capability.

Which brings me to my third subject.

BMAR SITUATION IN EUROPE

Senator **Humphrey**. Before you shift gears, what is the situation in Europe on BMAR? Germany, particularly. Are you able to address that now?

General **Williams**. Senator, I would be delighted to address that. I just returned from Germany about 8 months ago, and I can just tell you that it is improving since we first got a real clear picture of our BMAR, about in 1982.

At that particular time, as you know, the Army BMAR was about in excess in $2 billion. We have reduced on a declining plane over three-quarters of a billion dollars in BMAR. Of that three-quarters over $450 million was in Europe, and so Europe has gotten the largest share of our effort in reducing BMAR.

Are we out of the mud, and have all things under control? The answer, Senator, is no but we have made significant progress, and we have a very healthy program to fix that.

Senator HUMPHREY. Well, I was there, I think, in 1981 or thereabouts, and it was pretty shocking. Is it still as shocking as it used to be, or can you characterize it in human terms, I mean apart from the numbers? Has there been a dramatic improvement or is it still pretty shabby, or is it still slummy?

General MAHAFFEY. I don't want to upstage my cohort here, but I just returned from Europe a short while back and made a point of visiting several of the communities and troop installations where I had previously commanded in the Third Infantry Division. And I think the answer to your question really depends upon what part of Germany one is talking about. But in my neck of the woods, down in the Wurzburg-Kissingen area, the change that had occurred in 2 years was absolutely astounding.

I found it virtually impossible to recognize the facilities and their layout from a helicopter flying overhead, because of the dramatic change that had occurred. And in talking with the soldiers on the ground, that has made all the difference in the world in the way they feel about their mission, the Army and their country.

So at least in that part of Germany, it has been remarkable.

Senator HUMPHREY. Good. I note you do not project an improvement, or very little improvement, in the BMAR for 1986, assuming you get your requested funds. Fundamentally, I can understand why that is. You do not have enough money. But why in your allocation of resources, why is this one static?

General WILLIAMS. Senator, you are absolutely right; the growth that we are showing in our BMAR reduction in 1986 is somewhat lower than previous years, and it is a function of the amount of funds we had to allocate to that particular purpose.

As you can see on the chart, we are reaching the so-called congressional containment level, which is $1.2 or so billion, and we had promised to reach that level in fiscal year 1987. So we are on a plane to get there.

This was just the best we could do with the allocated TOA.

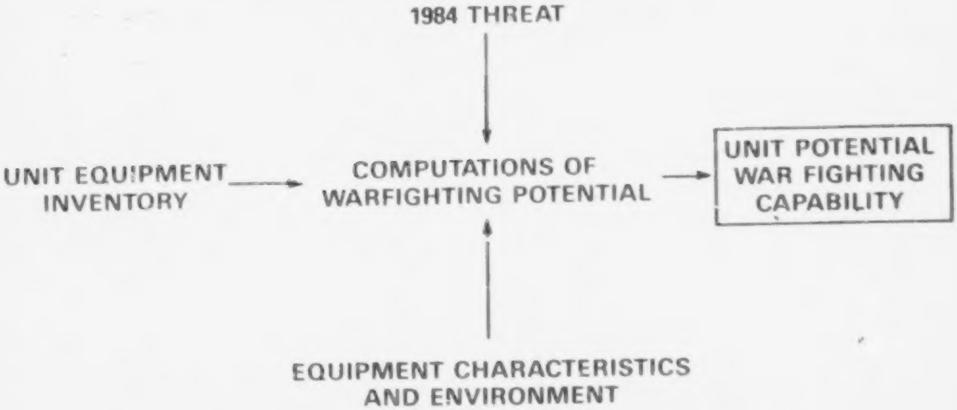
Senator HUMPHREY. Well, there is nothing magical about that level, is there? Should we reduce it?

General MAHAFFEY. If we could find the additional TOA, absolutely, Senator.

Senator HUMPHREY. Thank you. Will you continue?

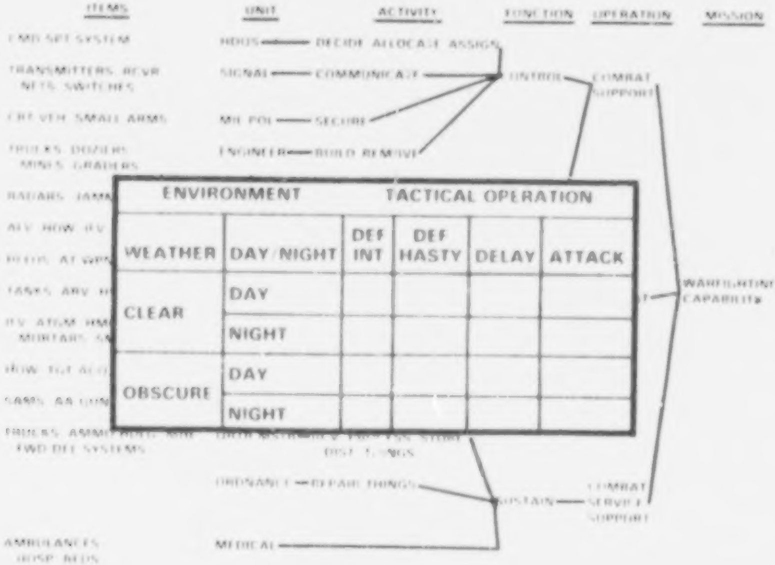
General MAHAFFEY. In order to measure the very real improvements that have been realized over the past few years against a threat force that is itself, as I said earlier, both modernized and improving, the Army has developed a system which we call measuring improved capability of Army forces or MICAF.

MICAF CAPABILITY MODEL


1984 THREAT
UNIT EQUIPMENT INVENTORY
COMPUTATIONS OF WARFIGHTING POTENTIAL
UNIT POTENTIAL WAR FIGHTING CAPABILITY
EQUIPMENT CHARACTERISTICS AND ENVIRONMENT

Now, this is a quantitative, analytically based system for measuring and reporting changes in our divisions' warfighting capability that come about as a result of modernization. To produce these results, we take our divisional units and their inventory of equipment on hand at several points in time, actual equipment on hand or, in the case of the out-years, that which is projected to be on hand, and we fight a series of dynamically modeled duels between the Army divisions and a constant 1984 composite threat division in a European scenario.

ENVIRONMENTAL + TACTICAL CONTEXT


ITEMS
UNIT
ACTIVITY
FUNCTION
OPERATION
MISSION
CMD SPT SYSTEM
HQUS
DECIDE ALLOCATE ASSIGN
TRANSMITTERS RCVR NETS SWITCHES
SIGNAL
COMMUNICATE
CONTROL
COMBAT SUPPORT
CBT VEH SMALL ARMS
MIL POL
SECURE
TRUCKS DOZERS MINES GRADERS
ENGINEER
BUILD REMOVE
RADARS JAMM
TANKS ARV
WARFIGHTING CAPABILITY
SAMS AA GUN
TRUCKS AMMO
FWD DEL SYSTEMS
DIST THINGS
ORDNANCE
REPAIR THINGS
SUSTAIN
COMBAT SERVICE SUPPORT
AMBULANCES HOSP BEDS
MEDICAL

ENVIRONMENT		TACTICAL OPERATION			
WEATHER	DAY/NIGHT	DEF INT	DEF HASTY	DELAY	ATTACK
CLEAR	DAY				
	NIGHT				
OBSCURE	DAY				
	NIGHT				

This chart shows the various combinations of environmental and technical postures that are used in the model. Both U.S. and threat units engage each other in four different tactical postures: intense defense (or heavily dug-in), hasty defense, delay, and attack.

Additionally, both forces conduct these operations under different weather and light conditions. This ensures that both sides are given full credit for the capability of their respective equipment assemblages.

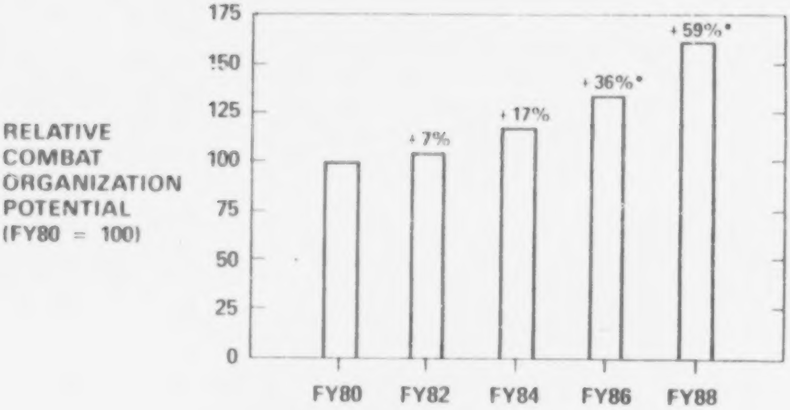
MICAF PARAMETERS

DO REFLECT	DO NOT REFLECT
• QUANTITY AND QUALITY OF MANY KINDS OF EQUIPMENT, e.g., TANKS, ARTILLERY	• NUMBER OR QUALITIES OF SOME KINDS OF EQUIPMENT, e.g., MAINT SHOP SETS
• QUANTITY OF PERSONNEL MANNING/ SUPPORTING OPERATION OF EQUIPMENT	• QUALITY, MORALE, LEADERSHIP AND TRAINING
• SOME CONTROL FUNCTION CAPABILITIES (i.e., COMMO, EW)	• COMMAND ASPECTS OF CONTROL FUNCTIONS
• PERFORMANCE CHANGES RESULTING FROM ENVIRONMENTAL CONDITIONS (LIMITED TO SENSOR DEGRADATION)	• DETAILED PERFORMANCE DIFFERENCES RESULTING FROM SUPPORT OF COUNTER MEASURES (e.g., COVERING MINES WITH FIRE)
• EFFECTS OF SUPPORT ON SHORT-TERM SUSTAINMENT	• EFFECTS OF SUPPORT ON LONG-TERM SUSTAINMENT
• SOME REPRESENTATION OF TACTICAL DOCTRINE THROUGH INPUT FACTORS, e.g., ENGAGEMENT PREFERENCES AND RANGES	• SOME ASPECT OF TACTICAL DOCTRINE, (e.g., MANEUVERABILITY, SURPRISE)

Shown here are the factors that are considered and those which are not considered in the MICAF model. It reflects such things as the quantity and the quality of many kinds of equipment, quantity of personnel manning and/or supporting the operations of equipment, and the effects of support on short-term sustainability.

On the other hand, not played in MICAF are such things as quality of personnel, morale, leadership, training, unit cohesion, and the effects of support on long-term sustainability; that is, the support that would be required over the long term from outside the division's resources.

ACTIVE ARMY DIVISIONS
(INCLUDING ROUNDOUTS)



CURRENT FORCE INCREASE: 17%

*PROJECTED ESTIMATE

Improvements in warfighting capability for the 16 Active component divisional units in the force through 1984 are shown here. The percentage change indicated is measured from a fiscal year 1980 base of 100. From fiscal year 1980 to 1984, the Active component divisions have realized the calculated increase in warfighting capability, through fielding of new equipment and modernization, of about 17 percent against that modernizing threat.

Now, within that 17 percent, Senator, there are divisions, the most modern of which reflect in excess of a 30 percent improvement over that 4-year period of time; and, of course, the less modernized divisions, somewhat less than the average 17 percent.

In any event, these values also include the contributions of National Guard and Army Reserve Units which round out their respective divisions for the CONUS-based divisions. The improvements shown for fiscal year 1985 do not reflect the effects of the funds appropriated by the Congress in fiscal years 1984 and 1985 for the Army because of the delay in fielding that equipment.

Assuming a 2-year funded delivery period, the modernization initiatives provided for in the fiscal year 1984 appropriation will result in a projected warfighting capability increase of 36 percent by fiscal year 1986, and again assuming a two-year fiscal year 1986 funded delivery period, we are projecting an improvement of about 60 percent by the end of fiscal year 1988 for those divisions.

MICAF

Senator HUMPHREY. Let me ask you to stop there. I am not entirely clear on this point. Is this still related to the MICAF business?

General MAHAFFEY. That is right. I am showing you the aggregate output of the MICAF modeling process.

Senator HUMPHREY. Well, models are nice, I guess. What level of confidence do you have that this reflects the real situation?

General MAHAFFEY. Well, I would say that it reflects the state of the art ability to model in any dynamic way, a wide set of variables associated with the modernized items of equipment. It attempts, for example, to condition the final results by shortfalls in major support items that are reported in that unit's equipment set at a given point in time.

It also, as I indicated earlier, is played against a composite threat, and in that sense it may or may not be precisely the measure of improvement against the specific threat that any given division faces.

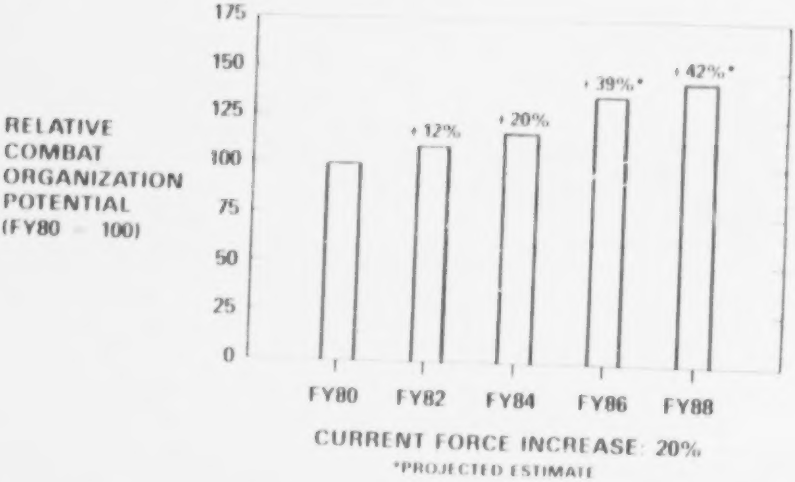
But again, we believe that, within the analytical and modeling world as it exists among the military services it is state of the art, leading edge analysis. As for level of confidence, I would say that as a broad measure of what modernization has meant to warfighting potential for forces, I am confident that it is a reasonable reflection of those improvements.

Now, clearly, it is going to get better. I should tell you that this is not just a Washington-based analytical effort. We involve our field commanders in the review and certification process. Where we have either misstated the actual situation as it involved people or equipment on hand in their divisions at any given point in time, or where they believe our analysis have overlooked some shortfall, they are then brought into the review process to point out any such inconsistencies. And they were, in fact, brought into that process at this time.

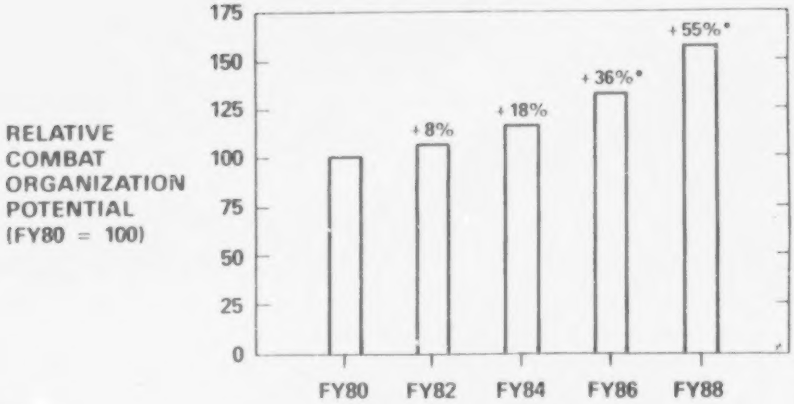
Clearly, this process will get better over time. You are seeing the first set of semiannual products to come out of that process. I expect it to get better, and therefore our level of confidence to improve.

NATIONAL GUARD DIVISIONS

FY80-FY88



This chart represents similar calculations for our eight National Guard divisions. The fiscal year 1980 to 1984 figures represent actual on-the-ground equipment in divisional units and the changes wrought by the improved equipment. Here again, the fiscal year 1986 and 1988 figures represent the estimated projected increase that will result from the fiscal year 1984 and 1986 budgets respectively, again assuming a 2-year funded delivery period.



TOTAL ARMY

FY80-FY88 (24 DIVISIONS)

CURRENT FORCE INCREASE: 18%

*PROJECTED ESTIMATE

This final MICAF comparison chart represents the total Army divisional increases in warfighting potential from fiscal year 1980. Note that, to date, divisional capability has increased as a consequence of modernization by about 18 percent, and by fiscal year 1988 can potentially improve to 55 percent over its fiscal year 1980 base, assuming congressional support of the fiscal 1986 budget.

Senator HUMPHREY. I still have some questions about exactly what these charts define. Will you run through that again?

Now, are you measuring—are you saying these express increased warfighting capability?

General MAHAFFEY. They do.

Senator HUMPHREY. Well, what is that? Define that.

General MAHAFFEY. Let me ask you to put the chart back on, Charlie, that reflects, first, what it does include and what it does not include.

MICAF PARAMETERS

DO REFLECT	DO NOT REFLECT
• QUANTITY AND QUALITY OF MANY KINDS OF EQUIPMENT, e.g., TANKS, ARTILLERY	• NUMBER OR QUALITIES OF SOME KINDS OF EQUIPMENT, e.g., MAINT SHOP SETS
• QUANTITY OF PERSONNEL MANNING/SUPPORTING OPERATION OF EQUIPMENT	• QUALITY, MORALE, LEADERSHIP AND TRAINING
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This is a general sense—and I will show you a more detailed statement in just a moment.

Senator HUMPHREY. Let's go through these items if you can.

General MAHAFFEY. It does include, as I say, measuring in successive years the quantity and the quality of a wide range of new equipment that have, in fact, or will be distributed to the division that we are measuring.

It does reflect the quantity, but not the quality of personnel manning, and if in that division in fiscal year 1980, we had a shortfall in personnel, then there is a factoring of that shortfall in the overall combat results.

It does reflect the capability for the control function to a limited extent. That is to say, if there were serious communication shortfalls in that division, they would be reflected in degraded performance; or, conversely, if as in the case of our more modern divisions, they are equipped with state-of-the-art communications and electronic warfare equipment, that then is also rolled up into combat results.

The changes that result from environmental conditions, whether it be fog, rain, night visibility and so on, are also factored in. The effects of support; that is, the basic load of ammunition, spare parts, and all classes of supplies which are carried by the division for up to, I believe, 5 days of supply, are reflected in the results, but not the longer term sustainability which involves supplies and support that would come from the corps or outside the division's holdings.

And then finally there is, we believe, adequate representation of the way in which these divisions are expected to fight in a doctrinal sense as that new equipment comes on board.

Now, our out-year figures, fiscal years 1985, 1986, 1987 and so on, are based upon what we project in the way of distribution of equipment to those divisions. We have in the Army what is known as the total Army equipment distribution plan and a force modernization master plan which tell us for fiscal year 1986 what items of equipment will be distributed to each of our active or reserve divisions and some of the other major combat units.

So in the projections we are reflecting those planned distributions, and that rests, of course, on the assumption that our budgets that would buy that equipment will be supported.

Senator HUMPHREY. How long have you been making this measurement? Is this something new?

General MAHAFFEY. Well, this is the first time, as I said, that we have had hard results. We have been working on MICAF for well over 2 years now. Our Concepts and Analysis Agency formulated the modeling techniques, and refined our input data with the assistance of the field commanders over about a 2-year period of time. Having produced the first set which we are generally pleased with in terms of the validation effort, our plan is to update the input on a semiannual basis. All of that again is subject to input and verification by the field commanders who are commanding these units.

We believe that it is a useful and instructive means for trying to tell the Congress the answer to that important question of what have you, the Army, bought with the dollars that we have appropriated to you?

Senator HUMPHREY. Well, that is good. We are just winding up, Senator Glenn, with General Mahaffey's testimony. Do you want a few minutes to get up to speed?

Senator GLENN. If you have more questions, go ahead.

LENGTH OF BASIC TRAINING

Senator HUMPHREY. How many weeks of basic training these days, and what is the trend in the last few years?

General MAHAFFEY. Eight weeks. And you understand, we have both basic training for certain of the combat service support skills of about 8 weeks, and then we have an integrated basic and advanced individual training that we refer to as one station unit training for most of the combat arms MOS's, the infantry, the artillery, and the armor. That runs, in the aggregate, about 13 to 15 weeks, depending upon which specific branch you are talking about.

Senator HUMPHREY. But of that 13, do I understand that what you just said is that basic training is fundamentally 8 weeks, but for those who are getting additional training, it can be as much as 15 in one slug?

General MAHAFFEY. Together. We take an infantryman, and from the day that we bring him into the training base, he will spend about 15 weeks for both his basic and his advanced individual training skills.

Basic combat training, which is carried out for those soldiers, male and female, who will then go on into the more technical skills for their advanced individual training, is about 8 weeks on the average.

I think, to answer the more important part of your question, all of the indicators that we see, statistically, all of the reports that we have from our commanders in the field, are soldiers that we receive are better trained and are more trainable than at any time in our past history.

Senator HUMPHREY. And your 1986 request does not anticipate any reduction in those training—those weeks of training?

General MAHAFFEY. No, not at all.

Senator HUMPHREY. Well, we have discovered a few here, but where are the principal tight spots in 1986? You are not able to get all you want. You probably will not get all you requested. We do not know yet what that will be, but as your request now stands, where are the tight spots?

General MAHAFFEY. Well, Senator, beginning with the training area, since it centers on our people, I think that, given the fact that we have the flying hour problem that I described to you earlier, we need sustained support for that ramp-up in flying hours. We need sustained support, as a matter of fact, for all of our training initiatives. That is, after all, what not only produces ready soldiers, but also meets their own expectations, those with which they came into the service.

That leads me to my second, and I would say first priority point. We must continue to support in the fiscal year 1986 budget all of the personnel-related initiatives that we have requested. If we fail to sustain our personnel initiatives, we entertain the very real prospect of a downturn on our remarkable enlistment and reenlistment success rates to date. It would be folly.

PERSONNEL INITIATIVES

Senator HUMPHREY. Expand on your personnel initiatives. No doubt you mean cost-of-living increase in 1986.

General MAHAFFEY. I would also speak to the pay, the pay raise.

Senator HUMPHREY. What else do you mean by personnel initiatives?

General PORTER. Well, sir, the most important was the Volunteer Army. Right now, our pay comparability gap, if you will, is where we were in 1979, which was the most disastrous year for our All-Volunteer Army.

Senator HUMPHREY. Do you mean we have eroded over the last few years back to the point that we were in 1979?

General PORTER. Absolutely. And if we do not receive the 3 percent increase, we will exceed where we were in 1979 in terms of pay comparability gap. From a manning the Army standpoint, that is our most critical need at this point in time.

Senator HUMPHREY. I find it hard to understand that. I do not remember the various pay raises we have given, but it was about 25 percent in 2 years running total. And then haven't there been —and with the decline in inflation, how can that be?

General **Porter**. Sir, the pay raises that we received helped us to climb out of the hole. From 1979, and in 1980 and 1981 we received substantial pay raises.

Senator **Humphrey**. Were those the 2 years where it was about 25 percent total back to back?

General **Porter**. Yes, sir. And in 1982 we went tangent with the cost of living index. Since that time, sir, our pay raises have not kept pace with the cost of living index, so today we are back with a 9.6 percent pay comparability gap, which is exactly where we were in fiscal year 1979.

Senator **Humphrey**. Well, I guess that would add up to the inflation between 1983 and 1985, inclusive. I would like to see some more figures on that. Could you work up something for me on that?

[Additional information follows:]

PAY COMPARABILITY

Military pay rates were set in 1971 at level's believed necessary to achieve manpower for all-voluntary forces. Pay caps imposed in 1975, 1978, and 1979 caused military pay to fall behind private sector pay resulting in recruitment and retention problems.

With the 14.3 percent pay raise in 1981, military pay was again restored close to comparability.

Pay raises the past three years (fiscal year 1983, fiscal year 1984 and fiscal year 1985) and the three months delay in fiscal year 1984 and fiscal year 1985 implementation have again created a military pay lag.

The degree that military pay lags behind comparability with that of the private sector depends upon which of two Bureau of Labor Statistics indices is used to measure private sector wage growth—the Professional, Administrative, Technical and Clerical Index (PATC) or the Employment Cost Index (ECI).

The PATC is the current index to which the annual federal civilian and military raises will be matched. Proposed DOD legislation would delink military pay from the PATC and create a linkage with the ECI—an index much more representative of the military skills mix.

After the proposed 3 percent increase 1 July 1985, OSD estimates military pay lags to PATC by 13.4 percent and to ECI by 9.6 percent.

General **Mahaffey**. We would be glad to, sir.

General **Porter**. In addition to that, Senator, we have enjoyed the support of the Congress over the past couple of years for certain initiatives such as child care centers, reduction of BMAR for family housing, better family housing, school support for our on-post schools, and other barracks improvements in Europe, more and better recreational facilities and gymnasiums. By the way, sir, I may have overstressed the negative aspects in addressing your question on drinking and drug abuse a while ago.

Our emphasis has not been on the negative or punishment aspects in addressing this problem, although we have gotten very serious about that, too. But our major emphasis, sir, has been on a wellness program: better and more frequent use of our facilities, better trained people for the counseling and the training of these people in wellness programs.

Senator **Humphrey**. OK. Now, personnel initiatives, I understand your concern about that.

General **Mahaffey**. I would not want by omission to leave you with the feeling that we feel that we could accept substantial hits in our procurement or modernization program, although I recognize that may not be a primary concern of this committee. I would point out to you that among all the services, the Army is the furthest behind in modernization. We came out of the war in Vietnam with the Navy and the Air Force having fielded at least one and in several cases two or three generations of new advanced weapons systems. And we are just now in the early stages of our own modernization program.

ARMY WAR STOPPERS

Senator **Humphrey**. I understand. We are addressing now not necessarily the 1986 request, but readiness. What are the war stoppers from the Army's point of view?

General **Mahaffey**. Well, I think that it has to be said that, as I've indicated earlier, we have not yet achieved our wartime sustainability stockage objectives, although we have made substantial improvements. I will not be easy as the Army's operator until we have achieved those stockage objectives for munitions, spares and the major secondary items that constitute our principal war reserve.

Certainly in the category of war stoppers one has to put the existing longterm shortfall in strategic lift, both air and sealift, necessary to get Army forces and their supplies and their replacement personnel where and when they are needed.

The Navy and the Air Force have made giant strides in the past 3 to 4 or 5 years in reducing that shortfall with the C–17 program, the added C–5 program and the Navy's program to both flesh out its Ready Reserve fleet and bring on board those fast SL–7 ships.

Having said all of that, we still project a significant, substantial shortfall in both air and sealift lasting well beyond the end of this decade. That is of concern and could indeed prove to be a war stopper if it isn't remedied.

Senator **Humphrey**. Well, you say the Air Force and Navy have made dramatic progress, or I've forgotten exactly what words you used, but you are still not satisfied, and I am not either. Does this argue—I mean the Army is obviously dependent on the Air Force and the Navy for transportation, and we have gotten ourselves into a real bind in the way of shortfall in that transportation over the years, however good the progress may have been lately.

And does that argue for reform in JCS, or what is the message in that?

General **Mahaffey**. No. It is a straightforward answer to your question. The JCS are well aware of both the existing shortfall and the planned remedies to that shortfall as they have been laid out by the Air Force in the Air Force long-range master plan, and by the Navy in their long-range sea modernization plan, both of which I believe represent measured, prudent and supportable plans to remedy the shortfall over time.

Senator **Humphrey**. But is that shortfall the result of the Air Force putting airlift at a lower priority and the Navy likewise relative to other responsibilities they have that perhaps they consider more glamorous? And you are not going to answer this question.

General **Mahaffey**. I am really not competent to. [Laughter.]

Senator HUMPHREY. I mean I just wonder how we really got into this deep hole on air and sealift. Something is fundamentally wrong here somewhere.

QUALITY OF PERSONNEL

Well, let us go back to personnel. What is the situation on dependents and also single parents? We have seen this tremendous improvement in the quality of personnel. Has there also been a reduction in single parent service personnel and—well, let us address that one first—in the Army?

General PORTER. We have more male than female enlisted single parents, about 11,000 male and 2,400 female in the divorced category, about 20,000 total. In addition to divorced, we are talking about annulled, legally separated, et cetera.

Senator HUMPHREY. Twenty thousand total.

General PORTER. That is male. And 6,000 females.

Senator HUMPHREY. What is the absolute total then, the grand total, 26 or 20?

General PORTER. Well, it is 30,332.

Senator Humphrey. It is getting bigger every time.

General PORTER. I am sorry, sir. The first two figures I gave you were enlisted only, and then I have got to give you the officers.

Senator HUMPHREY. OK. Thirty thousand. What is the trend? What are those numbers for the last 2 or 3 years? Do you have them?

General PORTER. Sir, I do not.

Senator HUMPHREY. Do you know? Can someone characterize what the trend is? Is it getting better, worse? Is it static?

General MAHAFFEY. I believe the long-term trend in single parents is clearly up.

Senator HUMPHREY. Even with this improvement in the quality of personnel?

General MAHAFFEY. Yes, sir.

Senator HUMPHREY. Do you view that with alarm, or how do you view it? And is that a real problem in mobilization? I would think it would be enormous.

General PORTER. What we have to do and what we have stressed to get a hold of that program, it is not an alarming situation. It is a problem area, and the way we address that before—we require all single parents to have a sponsor or guardian designated in writing in a sponsorship plan. Now, that is a requirement before that person can—not to do that would be to draw a bar to re-enlistment, because that person has to be deployable worldwide, and so they have to make personal arrangements in order to do that, in order to be a member of this profession.

Senator HUMPHREY. How practical are those arrangements? I mean do you check them out? They could just write down a name.

General MAHAFFEY. It is the business of our field commanders, for example, on a recurring basis, as they assess the percentage of their personnel who are truly deployable, to get into the detailed verification of those contingency plans by their single parent members.

As a division commander in Europe, the examination of the plans that had been made, their currency and their validity was very much a detailed part of my monthly verification of the percentage of soldiers who were deployable or redeployable in the event of an actual contingency.

General PORTER. I might add that this same requirement applies to joint marriages. You know, when you have two service members who are married and deployed overseas, there must be an arrangement back in the CONUS, if we evacuate the noncombatants, for someone to take care of that child. That is a requirement for the service members to prepare them.

I would say, sir, that to address your question in general terms, that the trend in sole parenthood within the Army generally follows the trend within the society in that it is on the increase, but not to an alarming degree. This is not one of the major problems that we have in the Army. We feel that we have a management harness around it, and it is under control.

Senator HUMPHREY. Senator Glenn?

Senator GLENN. Thank you, Mr. Chairman.

PERSONNEL SHORTFALL

General, last week General Rogers, SACEUR, told this committee that he would face a shortfall of 150,000 pretrained enlisted combat and medical personnel 90 days after a war began in Europe. In your view how serious is this shortfall in trained manpower? What options would we have to work around to this problem today?

General MAHAFFEY. I think it is very serious. He, of course, was referring to an aggregate figure, but the Army has a substantial part of that problem. Something on the order of about 100,000 of the shortfall in pretrained manpower is, as I say, the Army's problem.

IRR

What we're trying to do to come to grips with that begins with what I will call a purification or a purging of our personnel rosters, finding out who in fact constitute our Immediate Ready Reserve, which of those are nondeployables, either by virtue of lack of currency in their MOS, or who simply have not been kept up with after their reversion to the IRR. We are involved in doing that in an intensive effort now.

We are also developing and will be putting into effect plans, for those personnel who remain part of the IRR, to ensure their currency in their skills.

There is a skill imbalance in our Immediate Ready Reserve. We have a substantial number of people whose skills would not be needed by General Rogers in that first 90-day period of time, and we have a shortfall in those skills that he would need.

The business of trying to retrain as many of the IRR who are willing and able to enter into that kind of a program is a major challenge confronting us, but one we recognize and are trying to get on with.

Senator GLENN. The first part of your answer was, I believe, that you would depend upon the Reserve to fill that; is that correct?

General MAHAFFEY. That is right.

MOBILITY SHORTFALLS

Senator GLENN. Your statement states that, "Shortfalls exist in our mobility to quickly mobilize adequate manpower, particularly those with specialized skills."

Were you referring to shortfalls in the Army's ability to rapidly expand the training base once a mobilization is declared? Is that the emphasis of that?

General MAHAFFEY. That is part of it. We have detailed plans to mobilize the U.S. Army Reserve training divisions. Part of our 100,000 man callup would in fact be used to resource the training base. What I am really referring to in that statement, Senator Glenn, is the problem General Rogers was referring to, and that is the availability of a trained manpower pool to constitute replacements for him in that first critical 90 days until we can begin to turn out newly trained personnel from our training base.

Senator GLENN. So that was the thrust of your statement then was that you would be dependent upon mobilization rather than training after mobilization; you would have people there who were already trained, get them over there to fill that gap, rather than waiting for a training command to perform its function?

General MAHAFFEY. That is right.

Senator GLENN. How capable is the Army's training base to meet the expanded training requirements and mobilization? Do we have the equipment and facilities necessary to train the large numbers of people that would report to the training base upon mobilization?

General MAHAFFEY. I think the honest answer to your question is we do not at this time. It is a problem that we have been working intensively for several years now, first to get our arms around the sheer scope of the requirement itself, to understand with some certainty how many individuals would have to be trained in order to satisfy our global replacement requirements and in what skills; and then from that to derive valid estimates of the facilities and the trainers that are required.

That takes me back to the earlier point I made, and that is the very greatly improved role that we see for the USAR training divisions whose wartime mission is to do exactly that: move in, take over and man the mobilization training base.

Senator GLENN. Could you give us a little rundown on the principal shortfalls in your training base capacity, and just a time-line estimate of when these shortfalls might be corrected?

General MAHAFFEY. Senator, I would rather give you an answer for the record on that. I just do not have that.

Senator GLENN. I would appreciate that if you can. What I want to know is what the principal shortfalls are on your training base capacity, which is your expansion capacity, of course, after war starts.

General MAHAFFEY. I understand.

Senator GLENN. And what your estimate is on when those shortfalls would be corrected.

[The information follows:]

TRAINING BASE CAPACITY

The U.S. Army's training base capacity for recruits upon mobilization is determined from two major components: the surge capacity of our peacetime training base, and the training capacity of the 12 USAR training divisions.

Our peacetime structure varies slightly each year to meet the training requirements of the active component, U.S. Army Reserve and National Guard. For fiscal year 1985 we have 148 Basic Training (BT) Companies and 165 One Station Unit Training (OSUT) Companies to meet the training needs for nearly 236,000 inputs to the training base. The average trainee population is 60,000 per month in peacetime. The wartime surge capacity of this structure is approximately 426,000 per year (15,000 per month). Adequate equipment, facilities and trained cadre are on hand to meet the peacetime (fiscal year 1985) requirement.

The force structure design of the USAR Training Divisions adds 817 companies to the peacetime training base forming the mobilization training base structure. This force structure can accept 56,000 trainees per month.

The mobilization requirement is to input 340,000 additional recruits into the mobilization training base by M+3 months. The structure can accept the M+3 load but has only enough resources to train 60,000 trainees per month in the peacetime training base plus approximately one-third of the additional recruits.

The significant limitation on achieving the required output is training equipment. The equipment on hand at the peacetime training centers combined with the equipment the Training Division will bring to the training base on mobilization, provides approximately one-half of that needed to meet the full mobilization requirements. There are no funds in the fiscal year 1985 or 1986 budgets to provide resources to improve wartime training base equipment.

Some improvement in the capability of the training base can be anticipated from the modernization of the active and reserve components by redistribution of displaced equipment. Significant improvements will not occur until the late 1980's.

General ROZIER. Senator, I would like to add to what General Mahaffey has said on the logistics side of the house. We have a program called Mission Essential Equipment Training, and what we have done is to take a look at the first top 50 early deploying Reserve units, and we have taken a look at the critical items of equipment that these top 50 units are short. We are focusing on those items, and we have just instituted this program to try to get these units well. So that is one thing we are doing on the logistics side of the house.

General MAHAFFEY. Let me give you a more detailed answer as it relates to capacity concerning personnel, equipment and facilities.

Senator GLENN. Fine. And that will be entered in the record.

General, as the defense budget levels off over the next few years, we are going to have to find ways to reduce cost across the board in investment, readiness, maybe even in personnel. The question is would it not make sense to accept lower near-term readiness of some of our U.S. based Active Army divisions that would not be immediately deployed overseas, especially since your statement points out that we lack the lift capability to deploy all those forces overseas anyway on a rapid basis?

General MAHAFFEY. As a matter of fact, Senator, that is the situation today. In several respects we do exactly what you have described. That begins with the fact that we prioritize for the resourcing of our major combat units with people, equipment and so on. We prioritize in a very detailed way, and the results of that prioritization constitute a kind of de facto decremented readiness, if you will.

Because we recognize that at any given point in time we are never going to have enough resources to fully man and fully equip all of our divisions, we apply to our divisions what we refer to as an authorized level of organization. Our top priority divisions will be designated as ALO 1 divisions. Our lower priority divisions, including many of the late-deploying Reserve component divisions will be designated as ALO 4 divisions. And the way that people and equipment then flow from those designations constitutes a sort of de facto decremented readiness.

Finally, our actual deployment lists, themselves, take into account the deployment availability dates of those units. Taking all those things together, we have kind of a de facto system similar to what you described, in place today.

ARMY AMMUNITION STOCKS

Senator **Glenn**. General, we have all heard stories in the past and looked into the need to increase the Army's ammunition stocks in recent years. The chart on page 25 of your prepared statement shows that for the fiscal 1986 budget, the Army will have 85 percent of its procurement objectives for ammunition war reserve stocks.

Now, that seems to me a pretty substantial level of stocks. I do not see that we are all that short. And I guess my question is what are the major shortages within that remaining 15 percent, and how would they affect us, and will you be able to achieve those by the end of fiscal 1986, or what time period do you foresee to be required to do that?

General **Mahaffey**. I am searching for my chart now to be sure I give you a precise answer. But in general, I believe that chart reflects our percentage of fill against the stockage objective that will be in effect up to that point in time. It also reflects an aggregation, if you will, of older types of munitions along with the more modern munitions, and to that extent tends to mask a greater need for the more modern munitions.

The stockage objective will in fact, according to the defense guidance, be increased beyond the fiscal year 1986 period, and consequently, our 85 percent fill figure will change.

I would also like to give you some feel, within the overall aggregation, for how we look with respect to some of the more modern items of munitions, which is not nearly as optimistic as this is.

I am told by my fellows that that is classified, but I would be glad to show it to you in closed session.

Senator **Glenn**. Well, I do not know whether we plan to go closed or not. I am not sure I will be here then. But you could show that then.

Secondary items would be what? What falls generally under secondary items?

General **Mahaffey**. Those are your replacement engines, other major assemblages that are designed to be used as replacements in wartime to make major repairs to your end items.

Senator **Glenn**. All right. Thank you.

That is all I have, Mr. Chairman.

Senator **Humphrey**. Senator Levin?

Senator **Levin**. Thank you, Mr. Chairman.

SHIFTING BURDEN OF DETERRENCE

General, in your prepared statement today on page 3, you discussed the shifting burden of deterrence and talked about modern conventional land forces essential to raise the nuclear threshold and counter Soviet land power and a number of other purposes, which I agree to, certainly fully agree with. And then you say that "The answers to these questions are complicated by the fact that deterrence itself is also undergoing a process of redefinition. Under the current conditions of rough nuclear parity, at least quantitatively the burden of deterrence will continue to shift toward modern conventional forces for the reason and purposes shown here."

I am wondering whether or not that statement represents, as far as you know, the view of the Department of Defense, as well as the Army's view?

General **Mahaffey**. I cannot really say that it does represent the Defense Department's view. My statement, of course, was cleared with the Defense Department, but I cannot say that it is a Defense Department position.

What was intended there is to simply convey the fact that under what I would refer to as the nuclear standoff, conditions of nuclear standoff in effect today in a quantitative sense, it seems clear to us that the onus of deterrence, effective deterrence across the entire spectrum of conflict, not just in Europe but in Central America, Southwest Asia or wherever, is in fact shifting toward the need for modern conventional forces.

Senator **Levin**. You said your statement here was cleared with the Department of Defense?

General **Mahaffey**. Yes.

Senator **Levin**. On page 9 of your statement you indicated that your 1986 to 1990 year defense program was based on an assumed 6.5 percent real growth rate, which in hindsight was unrealistically high. The Army's 5-year program was undercosted, and therefore, to a substantial extent was unaffordable. And then you say that the realization that available fiscal resources would be more constrained led the Army to decide not to increase its end strength beyond the current 781,000.

Was that decision not to increase end strength beyond 781,000 made last year or even indeed the year before that?

General **Mahaffey**. It was made prior to the submission of the fiscal year 1985 budget, that is correct.

Senator **Levin**. So that the decision is not based upon the false assumption about 6.5 percent real growth being too large.

General **Mahaffey**. No. As a matter of fact, at the time that the Army undertook that review it was clear that the 6 1/2 or 7 percent average annual real growth that we had been anticipating or assuming up to that point in time simply was not going to materialize. And as my statement indicates, something had to give in the Army's budget. And as we looked at the alternatives, we concluded that given the cost of manpower and given the demographics that applied downstream and our own need to continue to sustain both our readiness and the modernization program, that the unhappy choice of having to constrain our end strength was about the most viable option.

Senator LEVIN. Well, something had to give, and that was one thing you indicated gave at some point. What else gave this year as a result of the realization that you were not going to get that growth rate?

General MAHAFFEY. In the fiscal year 1986 budget?

Senator LEVIN. Yes.

General MAHAFFEY. Well, we certainly are not funded at the levels of O&M that we would like to see for training, although that represents a tolerable level. We would like to be resourced at higher levels for training and readiness purposes, maintenance and so on.

There are areas of our modernization program where we have had to constrain the buy levels beyond what we would optimally like to buy. I would say that as we looked at the shortfall in what eventually was approved by the administration for the Army's 1986 budget submit, that we are satisfied that those shortfalls are pretty well balanced across most of the major functional appropriations and functional areas.

It is a little hard for me to put my finger on any one area, but certainly readiness is one of the key areas. I think the $300 million plusup for readiness that the Congress has now appropriated, not quite yet authorized for, fiscal year 1985 will help make a dent in our current readiness shortfall.

END STRENGTH

Senator LEVIN. In 1984—and this question also relates to the end strength issue perhaps—but in 1984 we decided to reduce the requirement for heavy division from 19,000 to 16,000; and was that done because of funding restraints, or was that done to improve their fighting capability?

General MAHAFFEY. It was really done for three main reasons. First, I would take you to a point beyond that when we were really headed toward 21,000 man heavy divisions.Those of us who were commanding those heavy divisions at that time pretty well concluded that a division of that size with that many weapons systems is simply not effectively controllable or commandable, if you will, on a high intensity battlefield of today, and that what we needed to do was to streamline the division. So it was a doctrinal imperative, if you will, that in part drove us from that high level down toward about 16,000 to 16,500 man division where we are headed now.

Now, another reason had to do with the need to try to achieve optimum balance in our active forces within that 781,000 man end strength envelope. We saw the need, as you know, to create additional light forces, both the light divisions and our special operating forces, and in order to do that we had to look at where we could streamline.

One of the places that we looked at streamlining were our heavy divisions, but certainly not the only place. We have realized, in addition to that, substantial improvements in streamlining in our combat service support structure.

Another part of the streamlining of those divisions had to do with migrating, if you will, some of the combat elements and combat support elements out of the division and back to the next tactical echelon, the corps. And then I think finally the supportability of those divisions in a combat environment as it would have to be carried out by the Corps was also of concern to us. So there were doctrinal reasons, there were overall end strength reasons, and there were, as you suggested, affordability reasons.

Senator **LEVIN**. So if we would have increased your end strength, you would not have reduced the size of the division, or you would have anyway?

General **MAHAFFEY**. We were already reducing the size of those divisions when the Active end strength decision was made. We were reversing the course from the 21,000 division down to about 18,000, and then very shortly after that down to 16,500.

Senator **LEVIN**. So that we can get a clear answer for the record, then, even if you had an increase in end strength you still would have reduced the division down to the 16,000 size, is that right?

General **MAHAFFEY**. I'm not sure that I can give you a definitive answer on that, Senator. That decision was related to so many other factors that went into what we've referred to since then as the Army of Excellence design created by the Training and Doctrine Command.

There were a set of interrelated considerations, and it was not exclusively tied to the end strength question. That certainly was a factor, but there were many other factors, including the doctrinal ones that I've described here, which drove us to that decision.

ARMY EQUIPMENT SHORTAGES

Senator **LEVIN**. OK. Dr. Korb some months ago I believe said that—in fact, I think told the subcommittee—that: "Army equipment shortages continue to be a serious readiness problem." And then he said that these shortages will not be fixed very quickly with the level of funding we were able to make available for Army equipment procurement.

Could you tell us how serious those shortages are and what type of equipment we are talking about?

General **MAHAFFEY**. They are serious. As I indicated in the prepared remarks before you came in, we have made substantial progress in filling our inventory requirements, both Active and Reserve. But there remains a long way to go.

Senator **LEVIN**. Would you agree, Army equipment shortages continue to be a serious readiness problem? Would you agree with that? That is what he told us?

General **MAHAFFEY**. Yes, I do agree with that.

Senator **LEVIN**. Have you described in your prepared statement—and I missed this part of it—where those shortages are the worst and the most serious?

General **MAHAFFEY**. No. I have given you the general indication of the magnitude of the shortages from our objectives, but I have not described where they are most serious. I could do so.

Senator **LEVIN**. We would appreciate that if you would.

General **MAHAFFEY**. I would be glad to.

[The information follows:]

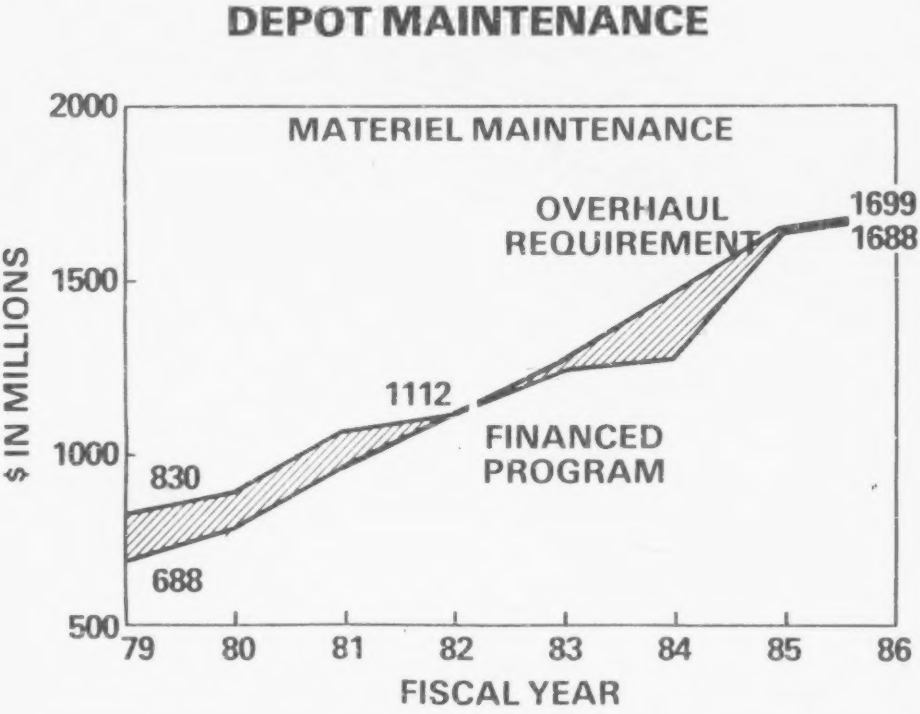
EQUIPMENT SHORTAGES

The most serious shortages affecting readiness include armored personnel carriers, tactical wheeled vehicles, communications equipment, tactical trailers, night vision devices, generators and recovery vehicles.

DEPOT MAINTENANCE

Senator **Levin**. Mr. Chairman, I think I only have one other question and that is on our old friend depot maintenance. We've struggled hard in this committee and we've spent a lot of time on these items, and we've gotten depot maintenance, as I can read this chart, down somewhat. But it is going to grow again in the out years, it looks like, down to its lowest point, I believe in fiscal year 1986, but then starts climbing again in 1987 and 1988.

Could you tell us what the impact of that projected increase in the backlog is going to be?



General **Mahaffey**. Well, on this chart I showed the essential tangent that has been achieved in the 1986 budget request between our requirements and our funding level, about a 99 percent funding level. And with the $1.7 billion involved there, we have made a substantial whack in the backlog of maintenance.

Now, the out years I will have to get.

Senator **Levin**. My figures show that, if they are accurate, that there is an $11 million shortfall this year, and that it is going to climb to about $257 million, it looks like, that is in 1987. And it is going to be $168 million in 1988 and $142 million in 1989, and so forth.

Is that accurate? The shortfall, in other words, is it going to go up from this year, which is at $11 million?

General MAHAFFEY. Let me ask General Williams, who has this data in hand, to comment.

General WILLIAMS. Senator Levin, that is correct. The out year look at depot maintenance will show an increase in the backlog. This we are obviously very sensitive to and will be watching. It is just a function of the amount of requirements that we project in the out years.

Senator LEVIN. In other words, you are not concerned particularly by that because it is really a function of the requirement going up?

General WILLIAMS. Yes, sir, we are very much concerned about it, and this is one of the areas where, obviously, additional funds could be used.

Senator LEVIN. Have you been asked to provide the DOD with a list of where you would make cuts in your budget if in fact the Congress reduced the growth rate?

General MAHAFFEY. Not to my knowledge.

Senator LEVIN. Thank you, Mr. Chairman.

MEDICAL PERSONNEL SHORTAGE

Senator HUMPHREY. General, I want to ask some questions that arise out of your longer statement for the record. But first let me take up on a point that I think Senator Glenn raised, and that is the shortage in medical personnel. Is that what he was talking about? I was distracted.

General MAHAFFEY. He was talking about General Rogers' statement to this committee concerning, I believe, what he identified as a 150,000-man shortfall in pre-trained manpower to constitute replacements for the European theater within the first 90 days of the war while the training base itself was being activated and resourced and so on, including I think some medical personnel.

Yes, they are a critical part of that overall shortfall as General Rogers identified.

Senator HUMPHREY. That has been a long-standing problem. Let us talk about—I mean, the medical end of things. Let us talk about that. Do you have any statistics available on that today? Doctors, nurses, shortfall?

General PORTER. Sir, I do not have. What I would like to do is to get those statistics from the Surgeon General and enter those into the record.

[The information follows:]

DOCTORS/NURSES SHORTFALL

Currently, shortages would exist in medical manpower to meet the peak full mobilization requirements. With current assets the Army can man 84.8 percent of the medical force structure. Medical personnel readiness continues to improve in number and skills; nonetheless, significant shortages in certain critical health care specialties exist among physicians, nurses and ancillary enlisted health care specialties as depicted in the following chart.

SPECIAL SKILLS STATUS[1] 1

	Total required	Available	Percentage
Physicians:			
Anesthesiology, general surgery, thoracic surgery, orthopedic surgery, neurosurgery	3,756	1,932	(1,824) 51
Nurses:			
Operating room, anesthesia, medical surgical	16,677	8,791	(7,916) 53
Enlisted specialists:			
Practical nurse, psychiatric, orthopedic, respiratory	17,064	9,847	(7,217) 58

[1] Reflected as a percentage fill of mobilization requirements

Until Total Army (Active, National Guard and Reserve) medical units are equipped, personnel asset availability is not the limiting factor in Theater Medical Care.

Sufficient personnel resources can be made available to meet battlefield health care needs of the theater, even as the enhancements in medical equipment readiness come to fruition through 1991. However, if priorities are allocated to the theater for medical personnel assets, it should be clearly understood that the Army medical support in the Continental United States would be severely limited in meeting treatment demands of returning casualties. This is attributable to personnel shortages in the Reserve Components, particularly the IRR. Therefore, health care for returning casualties would rely heavily on the Veteran Administration and the Civilian Military Contingency Hospital System.

Since current programs will not fill existing manpower gaps, new initiatives are being researched to identify new programs that will bring Reserve Components medical personnel assets to the required levels by 1991. Until such time that new programs are initiated, an alternative solution is the peacetime registration of health professionals. This appears to be the only means of meeting near term mobilization requirements givern existing shortfalls in the critical skills.

Senator HUMPHREY. Are you able to characterize the situation as a trend today?

General PORTER. We are concerned, sir, about the shortfall in medical personnel. But I would——.

General MAHAFFEY. The shortfall in medical personnel, of couse, is more than just a function of current shortfalls. It also has to do with the overall capability of the Army to support casualties as they would be incurred during that first 90-day period.

In the analyses that I have seen over the past 2 years, we have continued to reflect a substantial shortfall in our capability, both in trained doctors and in the capacity of other medically trained personnel to handle the casualty load.

Now, the exact dimensions of that I do not have at hand. But we will furnish you that for the record.

NEW WEAPONS FOR ALLIES INSURGENTS

Senator HUMPHREY. In no particular order now, just some odds and ends. Is the Army involved in any efforts to develop new weapons for supply to allies and to insurgent groups that are more effective in these lower range of wars? As I understand it, for instance, let us just talk about a theoretical situation.

Let us suppose there is an insurgency somewhere that our Government chooses to support. The weapons that we have are infantry weapons—well, there is a whole range of weapons—are designed for a higher level of war, are they not, than these insurgencies tend to be?

And I am not perhaps framing my question very well, but are you involved in any efforts to design simpler, cheaper, more rugged weapons which are more adaptable to insurgencies, since those seem to be on the rise?

General **MAHAFFEY**. Let me come at that two ways if I could. First, with respect to our allies, in general the Army has had for several years now and does have I believe in our 1986 budget request several millions of dollars—I recall somewhere in the order of $30 million—that is expressly designed to assist our allies in upgrading the performance of older and in some cases obsolescent equipment, most of it of earlier U.S. design.

In that sense, we have tried to put money toward that effort and have tried to identify the requirements for such upgrading or improved performance by our allies, and that has paid some marginal benefits to date. I would expect it to be more effective as we get more into it with our allies.

On the lower end of the spectrum, we of course are seeking to capitalize our own special operating forces with newer, modern, but I must say rather less sophisticated equipment than our heavier forces would ordinarily employ: communications equipment, basic weapons, night vision equipment, and so on.

And that is the kind of equipment, that and the older, less sophisticated equipment, by and large the kind that would be both needed and I think affordable by most of the allies that we might be called upon to supply around the world.

Now, beyond that, in terms of any specific effort that we might have under way, for example, to help supply the Contras and so on, I could not talk to you in open session, but I would be glad to fill you in in closed session.

Senator **HUMPHREY**. What is PSYOPS? That's Psychological Operations. What does that mean?

General **MAHAFFEY**. Psychological Operations involves the harnessing, if you will, of communications media, with an understanding of the culture and the language of a people of an area in order to attempt to influence their attitudes and their actions as it might be manifested toward our own forces or toward allies that we are seeking to assist in a given region of the world.

It might involve the production and the dissemination, for example, of leaflets advising them to pursue one or another course of action. It might involve the employment of loudspeaker equipment. It might involve the use of clandestine radios to transmit into enemy territory. So there are a wide range of mediums that are used for carrying out psychological operations to condition the attitude of opponents or the populace, which might be neutral or even friendly, of a belligerent country.

Senator **HUMPHREY**. Is there a dedicated unit in the Army for this purpose?

General **MAHAFFEY**. Yes. We have a Psychological Operations Group that is part of our First Special Operations Command. Over 50 percent of that group are in the Reserve components. But we do have a Psychological Operations Unit of a battalion-plus in the Active Force.

It performed very well, despite some equipment shortfalls, during the Grenada rescue operation.

CHEMICAL WEAPONS

Senator HUMPHREY. What about the situation—I note and agree with your section on the need for production of chemical weapons. What about the flip side, defensive equipment? We are in pretty bad shape. How are we doing there?

General MAHAFFEY. We have made substantial improvement in bringing on board improved defensive equipment, both the detection devices that are necessary for detecting chemical agents, the protective gear that must be worn by our soldiers, and the decontamination equipment that is needed both for individuals and for equipment.

We have a long way to go both in quantities and in qualitative upgrades. The gear that our soldiers wear now is very heavy, very cumbersome, and very fatiguing, and within a short period of time their efficiency in performing their individual duties degrades very rapidly. So we need improvements in that area.

But in terms of the sheer quantities that have been brought into Army inventories over the past 3 or 4 years, we have made great strides there.

DEFENSIVE EQUIPMENT

Senator HUMPHREY. All right. I'm going to ask you for further information on that in closed testimony, to which we will go in a moment. And perhaps your staff can be researching that. I want to know what the trend is in numbers and what kind of improvement we have made in defensive equipment, for the provision of defensive equipment to personnel.

General Mahaffey, inasmuch as we have made a substantial investment in procurement and modernization, it is only logical to expect increases in O&M expenditures commensurate with modernization and procurement. Are those increases in O&M being built into the out year budgets, and how do you ensure that modernization and increased procurement is going to be sufficiently supported by O&M in the out year budgets?

General MAHAFFEY. The answer to your question is, yes. We have built them into our out year program, and we have learned a great deal and improved tremendously in our ability to relate O&M costs and modernization over the past 3 or 4 years.

We believe that today we have a very good handle on that relationship. That is sort of a bottom-fed process by which the actual experience and O&M costs being experienced in the field is fed back in real time to the Department of the Army, so that we are then able to apply that experience in our forecast for future budgets and programs.

General Williams could talk in a bit more detail about that, but I think that we have a very good handle on our O&M requirements and forecasts as they relate to our modernization program.

Senator HUMPHREY. Well, I just want to be sure that, given the anticipated constraints on Army spending and defense spending in the years ahead, that we are not short-shrifting the O&M account, especially with regard to supporting this new equipment. You are confident that that is built into the out years defense plans?

General **MAHAFFEY**. Very much. That is a major area of concentration for us and I am confident we have done a good job with that.

Senator **HUMPHREY**. That will conclude the open session, we will have a brief closed session now.

[Whereupon, at 3:55 p.m., the subcommittee recessed, to reconvene immediately in executive session.]

EXECUTIVE SESSION

Senator **HUMPHREY**. General Porter, you may begin with the drug situation.

General **PORTER**. Back in the 1979, 1980, 1981 timeframe, about 37 percent of our first term soldiers, by their own admission, were using marijuana or hashish or other unlawful drugs. In 1981 when the Army began urinalysis testing, that dropped. The testing started a decline in admitted use to about 22 percent in 1983. In 1983, sir, we tightened the constraints even tighter with regard to multiple offense users. After having had an opportunity to attend rehabilitations, and they were unsuccessful there, then they were boarded out of the Army.

So we are down now, sir, to 18 percent at the end of fiscal year 1984 and into 1985.

Senator **HUMPHREY**. OK, define your yardstick here, 18 percent do what?

General **PORTER**. Eighteen percent of our first term soldiers admit to using marijuana or hashish.

Senator **HUMPHREY**. Admit to continuing to use it?

General **PORTER**. Well, what they admit to, sir, and this first term soldier continually rotates, so what we have seen among our first term soldiers is a 20—well, about a 19 percent reduction over time, which is a significant reduction. We have cut our admitted drug use in half.

Senator **HUMPHREY**. I am still not sure of the terms you are using here. You say we are down to 18 percent. These are people who have admitted using it at some time in their lives?

Or how do you define it? Do you have that information?

General **PORTER**. No, sir. It is not some time in their life. We surveyed the soldiers, and 18 percent said they use it for recreational purposes.

Senator **HUMPHREY**. Continue to use it?

General **PORTER**. Continue to use it.

Senator **HUMPHREY**. And is there any quantification of the frequency, or is it just continue to use it?

Do you know how often?

[Additional information follows:]

ADMITTED DRUG USE DEFINED

General **PORTER**. The definition of admitted use is the percentage of soldiers who admit to any use of marijuana or hashish during the past 6 months. Marijuana is by far the most popular illegal drug. Since the Army considers any drug use as unacceptable, frequency of use is not a major issue in developing trends. It is far more difficult to obtain an accurate measure of frequency than any use.

General **PORTER**. We just classified them as admitted drug abusers.

Now, among our career force, these are soldiers beyond their initial term of enlistment who have elected to stay on with us, in the 1979, 1980, 1981 timeframe, 17 percent of that population admitted the use of drugs. That is now down to 2 percent.

Senator Humphrey. In 1984 it is down to 2?

[Additional information follows:]

CAREER SOLDIER DRUG USE

General Porter. Sir, I'd like to correct that statement. In 1984, the percentage of admitted drug users (any use of marijuana in the past 6 months) in our career population was approximately 7 percent.

General Porter. Yes, sir. Seventy-three percent of our enlisted soldiers agree with our get tough drug policy. Seventy-one percent of admitted abusers say that it has been more than 6 months since their last use. Not only have we gotten tough, but we have also gotten tough in terms of educating the soldier and trying to provide them alternatives to the abuse of drugs as well as alcohol and tobacco.

In the alcohol abuse category——

Senator Humphrey. Before you go on to alcohol, let me ask you, you just cited a figure, 70, was it 74 percent say it has been 6 months or more?

General Porter. Seventy-one percent of previously admitted abusers.

Senator Humphrey. Is that first termers, or what is that?

General Porter. That is first termers, yes, sir.

Senator Humphrey. All right, 71 percent say it has been 6 months or more.

[Additional information follows:]

DRUG USE OVER 6 MONTHS

General Porter. Sir, I would like to correct myself on that point. The 71 percent figure represents the percentage of enlisted admitted marijuana users who say it has been more than 6 months since their last use.

Senator Humphrey. Do you have any previous figures on that same question? In other words, did you ask that same question, say, 2 years ago, what percentage have used them, used marijuana within the last 6 months?

General Porter. I don't have it here, sir, but I am sure we have them because we surveyed the soldiers.

[Additional information follows:]

DRUG ABUSE SURVEY

General Porter. Sir, I would like to correct myself on that point. Comparative data is not available on the percent of admitted marijuana users who say it has been 6 months or more since their last use of marijuana. The following is data concerning marijuana use for the past 4 years. The figures represent the percentage of each category of soldiers who admitted to marijuana use in the previous 6 months.

Category	81	82	83	84
1st Term	38	32	24	18.7
Career	18	13.5	9.4	6.7

Senator **Humphrey**. Well, as I requested earlier, I would like further information on this in the form of a letter, and this urinalysis testing, there has been a lot of controversy about that, and I am sure I remember Congress has gotten appeals from members of our Armed Forces who feel they have been wrongly charged on the basis of inaccurate procedures and so on.

Where does all that stand? And was there a problem in testing some years back? What has been done about all of that?

General **Porter**. Yes, sir, there has been a problem in testing, and every one of those soldiers who even could have been erroneously tested have received a personal letter and has been given the procedures to restate his case back to the Army Board for the Correction of Military Records. Our procedure for addressing those cases is very lenient. When there is any question whatsoever, any doubt, goes in favor of the soldier.

Senator **Humphrey**. Well, what was the problem?

General **Porter**. Sir, the problem was primarily one of chain of custody.

Senator **Humphrey**. Just the test results being assigned to the wrong person, is that it?

General **Porter**. Yes, sir, or the chain of custody for the sample not being legally sufficient. The chain of custody is a very precise——

Senator **Humphrey**. But what was causing the problems, mixing up urine samples such that some guys' urine got——

General **Porter**. Frankly, sir, it was——

Senator **Humphrey** [continuing]. Assigned to somebody else, is that it?

General **Porter**. Yes, sir. That I am sure was it, and in a word, or two words, sloppy administration at the laboratories.

[Additional information follows:]

URINALYSIS PROBLEMS

General **Porter**. Sir, I would like to more fully explain this problem. The problem was sloppy administration and poor management in the labs. Our panel of experts looking at the labs reviewed both chain of custody and the technical/scientific aspects of the urinalysis tests. We simply were not following our standard operating procedures for either chain of custody or technical standards. Therefore, our test results could not pass our review for forensic sufficiency. The positive side of the review is that we found no evidence that we had reported out false positives (falsely accused someone who was not a drug user).

Senator **Humphrey**. Well, what has been done about it, and what is your level of confidence now in this procedure?

General **Porter**. Yes, sir. That entire process for all services, I might add, has been severely tightened, and we have a high level of confidence now that our chain of custody and all other technical and legal rules are being followed with a very high level of confidence. It was an unfortunate situation.

Senator **Humphrey**. General Mahaffey, do you share that confidence that the program is now as accurate as reasonably possible?

General **Mahaffey**. Yes, Senator, I do, with the changes to the program that have been enacted over the past 2 years to include the administrative disposition of all of those who were at issue has been the subject of a recent detailed briefing to the Army Policy

Council which I attended, and based on that, I am satisfied that we are now in control of the problem.

Senator HUMPHREY. OK.

ALCOHOL PROBLEMS

General Porter, you wanted to go on with alcohol problems?

General PORTER. Yes, sir. Just to paint you a picture, as I mentioned, a human phenomenon one might expect when you crack down on drugs, you could expect an increase in alcohol abuse. We measured it, and sure enough, from 1980 to 1982 we detected an increase in admitted alcohol abuse from 24 percent of the force to 33 percent of the force, a 9 percent increase, which was disturbing.

Senator HUMPHREY. How do you define—what are we talking about here, where people admit their performance on duty was impaired or what?

General PORTER. Where they either admit that their performance on duty was impaired or we also give them a level of consumption, and based upon their answer to a multiple choice question, it gets into the abuse range, for example, more than four drinks in an evening.

Senator HUMPHREY. This is across the entire Army?

General PORTER. Yes, sir.

Senator HUMPHREY. What is it for first termers?

General PORTER. Yes, sir, it increased from 29 percent to 39 percent.

Senator HUMPHREY. Is this—how serious is this problem?

General PORTER. Well, it was serious enough that we took some rather stern and severe action against alcohol abusers, particularly those driving while intoxicated. In the 1977 to 1981 timeframe, our annual apprehensions of DWI cases ranged from 10,000 to 11,800, with an average annual apprehension rate during that timeframe of about 10,500. In 1982, with additional surveillance and additional crackdown on DWI, that went up to 14,000. In the 1983 and 1984 timeframe, we saw increased emphasis by State and local authorities on DWI incidents, so our DWI apprehensions went up to 19,000 in those years. There was a concommitant decline, as I mentioned previously, in POV fatalities. As apprehensions go up, fatalities go down, and abuse decreases.

Now, by 1984 survey results, sir, almost 40 percent of our enlisted personnel say they drink less than they did 6 months ago, and about 20 percent of our officer personnel state that they drink less than 6 months ago. The overwhelming majority, 75 percent of our enlisted and 91 percent of our officers, state they agree with the Army's get tough policy on alcohol abuse.

Senator HUMPHREY. Is this problem proportional or the same as the alcohol problem in the civilian sector, or have you made any comparisons there, or is it just a reflection of society, or do we have a special problem inasmuch as military personnel are faced with difficult living conditions in many places?

General PORTER. Sir, all I can offer you—and I will see if we have any comparison. I have a very strong opinion about that if it is of any value. With the rather spartan life that we live in the military, it is my observation that we have much less of either drug or alcohol abuse problems in the military. Our soldiers normally hit the streets running at about 6:00 to 6:30 a.m. every day, five days a week.

Senator HUMPHREY. Well, there must be a few of them wobbling. [General laughter.]

If you have 30 to 40 percent who admit to problems with alcohol—well, will you document all of that as well as you can and give me a report?

General PORTER. We would be happy to.

[The information follows:]

ALCOHOL ABUSE

According to self admitted surveys contracted for by OSD, there was an increase in diminished work performance due to alcohol use from 1980 to 1982. Diminished work performance is defined as any incident in the past year of missing some part or all of a duty day or failing to perform to full potential because of alcohol. The following is data on soldiers who admit to this problem. Comparative data for civilians is not available. Army surveys do not replicate this particular indicator of alcohol abuse.

PERCENT OF ADMITTED DIMINISHED WORK PERFORMANCE DUE TO ALCOHOL

Year	Grade					TOTAL
	E1-E5	E6-E9	W1-W4	O1-O3	O4-O6	
1980	29	16	4	15	7	24
1982	39	20	17	20	19	33

Source: 1980 and 1982 DOD Surveys on Alcohol and Drug Use.

Admitted survey data indicates a stable trend in heavy drinking. The following figures represent percentage of each category of soldier admitting to being heavy drinkers, defined as consuming at least 8 or more drinks per occasion at least once a week during the past 12 months.

ADMITTED HEAVY DRINKING

Category/Yr	1981	1982	1983	1984
1st Term	36	41	33	34
Career	24	28	20	20
Officer	not available	5	4	5

Source: Army Sample Surveys of Military Personnel.

However, there are indications overall, alcohol consumption is declining. Responding to a question asked for the first time in 1984, 40 percent of first term enlisted soldiers, 38 percent of careerists, and 24 percent of officers report that they drink less now than 6 months ago.

The actual number of soldiers with alcohol problems identified, treated and returned to duty has continued to increase. The following are statistics for clients treated and completing the alcohol abuse rehabilitation program.

ALCOHOL ABUSE REHABILITATION

	Fiscal year 1982	Fiscal year 1983	Fiscal year 1984
Treated [1]	26,286	30,763	25,339
Completed	14,301	19,568	20,631

ALCOHOL ABUSE REHABILITATION—Continued

	Fiscal year 1982	Fiscal year 1983	Fiscal year 1984
Success	11,686	14,661	15,966

[1] A portion of those treated in a given year continue into the next year.

Source: Drug and Alcohol Management Information System

MUNITIONS

Senator **Humphrey**. Now, what are these other munitions that you mentioned in your response to Senator Levin?

General **Mahaffey**. This gives you a better depiction of our projected improvement in modern munition stockage over the 1984 to 1986 timeframe as expressed in days of supply

[Chart deleted.]

What we are showing you here are the high explosive, dual purpose, improved conventional munitions—basically the 155 millimeter artillery; the new tank round, 120 millimeter round for the M1A1 tank; the Copperhead laser-guided round for the 155 artillery tube; and the 25 millimeter munitions that are used with our Bradley infantry fighting vehicle.

Now, these are simply representative, Senator, of the improvement in the stockage levels of our more modern munitions that are beginning to show now and will show even more during the 1986 timeframe.

Senator **Humphrey**. OK.

General **Mahaffey**. The 1986 stockage levels really reflect those munitions bought by our fiscal year 1984 budget. It reflects the projected posture as of the end of the funded delivery period.

Senator **Humphrey**. All right, days of supply under what scenario?

General **Mahaffey**. Well, the days of supply that are established in the defense guidance assume a global scenario, and out through the end of fiscal year 1988, as I recall, the objective is established at [deleted] and then out through fiscal year 1991 is increased to [deleted].

Senator **Humphrey**. So all of these should be at a [deleted] level?

General **Mahaffey**. Ideally, with unlimited resources, that's right, by the fiscal year 1988 funded delivery period, which would actually be in time about fiscal year 1990, we would have [deleted] of supply, and by fiscal year 1993 on the ground, ideally, we would have [deleted] of supply in all of our munitions.

Senator **Humphrey**. All right, are these four the only area in which you have?

General **Mahaffey**. No, I just selected some of our more modern munitions to give you what I believe to be a representative feel for the improvements that will be on hand by the end of this next fiscal year, and it does not reflect what added improvements would result from the fiscal year 1985 appropriation and fiscal year 1986 budget.

Senator **Humphrey**. All right, let's talk about the protective equipment.

General **MAHAFFEY**. Senator, I have to say we do not unfortunately have in hand the details of the improvements that have been made in the defensive side of that. I will supply you detailed information either in a letter or for the record, as you wish.

[Additional information follows:]

CHEMICAL PROTECTIVE EQUIPMENT

Our chemical defensive equipment posture has improved significantly over the past few years. Sufficient individual and unit level NBC equipment is now available for our forces in Europe to support initial chemical warfare (CW) operations. Our soldiers in Europe have complete initial issue of three sets of chemical protective (CP) overgarments per soldier—one set for training and two sets for readiness. They received the two readiness sets of the new camouflaged CP overgarments; that have improved agent protection, last fall. In addition, USAREUR has their theater war reserve stockage of CP overgarments; however, the [deleted] sustaining war reserve requirement will not be completed until [deleted]. We have started initial fielding of the new camouflaged CP overgarment in our FORSCOM units and expect to complete readiness issue for Active forces this year and Reserve components in fiscal year 1987.

Our goal is to equip our forces with the best available chemical defensive equipment—individual protective gear, decontamination, detection and warning, NBC collective protection equipment. We are working this through aggressive equipment research, development and acquisition programs. A new NBC protective mask (with improved protection, visual acuity and a NATO interchangeable canister) will complete development and is scheduled for initial procurement in fiscal year 1986. New unit level decontamination equipment in development will improve reliability, mobility and efficiency of our combat units. The new lightweight decontamination system (M17) is in initial procurement and forces in Europe will receive initial M17 deliveries this year. Initial fielding of a new manportable decontaminating apparatus (M13) for combat vehicles will start in Europe later this year.

We are fielding a new M8A1 chemical agent alarm that has improved detector sensitivity and eliminates the logistical burden of a refill kit. A training simulator for this alarm will begin fielding in fiscal year 1986. The XM21 remote sensing alarm will complete development and testing in fiscal year 1986 and enter production in fiscal year 1987. A product improved chemical agent detector kit, for squad level use, with improved sensitivity and response time will complete development and enter procurement in fiscal year 1986. The UK Chemical Agent Monitor for determining level of contamination/decontamination will start procurement in fiscal year 1985.

The simplified collective NBC protective equipment shelter (XM20) that can be emplaced inside of existing buildings will enter procurement in fiscal year 1986. We have made significant improvements in providing collective protection for our combat vehicles. Presently the M60 and M1 tanks are equipped with the ventilated facepiece filtration system for crew members. The total filtration unit/overpressure system of collective protection (hybrid system) is an integral part of the M1A1 tank that will start production in August 85. Deliveries from the fiscal year 1985 buy of M2, M3 Bradley fighting vehicles will incorporate the ventilated facepiece. The concept decision to include the hybrid collective protection system in Bradleys is scheduled for September 1985.

Our goal for unit level decontamination, detection and warning, collective protective equipment is to complete initial issue for our forward deployed and early deploying forces by fiscal year 1991/1992. We will still have some serious deficiencies across the total force because our technology base program is just beginning to yield good solutions to some key problems encountered on the chemical battlefield—devices for chemical agent reconnaissance, biological and toxin detection and identification; heat stress burden of the protective gear; multi-purpose devices to reduce the number and variety of items units must carry and be trained to use, and logistically supportable decontamination systems. Even when these problems are solved and the improved materiel is fielded, our forces will be at a serious disadvantage if we must operate under the threat of one sided use of chemical weapons. If our opponent uses chemical weapons, and we cannot retaliate in kind, then we lose 30–50 percent of our fighting effectiveness and the opponent will not. Defense alone is not enough to counter the CW threat.

Senator **HUMPHREY**. Make them all in a letter where I have requested information, if you will, and generally speaking, can you characterize the trend?

DEFENSE CAPABILITY

General **MAHAFFEY**. In terms of the defensive capability, yes we have brought on board in the last 3 years a substantial number of detection, new or product improved detection devices for the various agents. We have increased our stocks substantially, not only the operational stocks but the war reserve stocks for individual chemical protective gear.

We have, of course, begun to make hard decisions on the incorporation of a chemical-biological filter unit and overpressure into some of our major combat systems, M1 tank, Bradley Fighting Vehicle and so on, and we are beginning now to field improved decontamination equipment both for small and larger unit decontamination operations.

We still have a way to go in that latter respect. I would say another 3 to 4 years of acquisition and fielding before I would be comfortable with the active Army's posture in decontamination. We are even further behind in the Reserve components.

Senator **HUMPHREY**. How far behind in years are we in issuing personal equipment?

General **MAHAFFEY**. Of the current design?

Senator **HUMPHREY**. Yes.

General **MAHAFFEY**. We have in the Army today the individual equipment, in some cases three sets, one for operational use and two for readiness, throughout the Army.

Senator **HUMPHREY**. So you have plenty on hand, personal equipment.

General **MAHAFFEY**. Let me furnish you with the details. There has been substantial improvement in the stockage levels of that individual protective gear, the the NBC protective gear.

Senator **HUMPHREY**. What is on the horizon in the way of more suitable gear that doesn't generate the dramatically deteriorated performance that the present gear does?

General **MAHAFFEY**. We have an active R&D program under way now that is looking at different materials that would give us the same level of impermeability without incurring all of the costs that we currently have from heat and extended wear. The exact parameters of that research program I don't have at my fingertips, but I will include that.

[Additional information follows:]

R&D FOR CHEMICAL PROTECTIVE CLOTHING

There are two suits in development which will further improve our capabilities to operate in an NBC environment. They are the Enhanced Chemical Protective Suit (E-CPS), scheduled for Type Classification in fiscal year 1988, fielding in fiscal year 1989 and the Suit, Integrated Protective (SIP), projected to be Type Classified in fiscal year 1991 and fielded in fiscal year 1993. The chart that follows provides data reflecting current and future suit characteristics. The Battle Dress Overgarment (BDO) being procured will replace the Chemical Protective Overgarment. Future suits will provide reductions in heat stress, improved protection against chemical agent threat, and increased number of days wear time.

CHEMICAL PROTECTIVE SUIT COMPARISON

Characteristics	Current		Future	
	CPO	BDO	E-CPS	SIP
Heat stress	-	-	(1)	(2)
Agent challenge gm/m2	5	5	10	10
Wear time, days	14	(3)15	30	30
Protect time hrs	6+	(3)24	24	72
Camouflage	No	Yes	Yes	Yes
Decontaminable	No	No	Yes	Yes
Water resistant	No	Yes	Yes	Yes
Flame resistant	No	No	Yes	Yes
Launderable	No	No	Yes	Yes

[1] 10 percent less.

[2] Minimize.

[3] Results of limited tests, field wear tests on-going to determine protection limits.

Senator **HUMPHREY**. How serious is this business you mentioned a moment ago about installing overpressure equipment in the vehicles?

General **MAHAFFEY**. We are serious about that. It doesn't come free, and the product improving of those major combat systems that we have already fielded will cost us money. But we are committed wherever it is affordable and feasible to incorporating that kind of a product improvement in our equipment.

I think, Senator Humphrey, what would best respond to your obvious interest in this area, is a report the Army has produced just within the last year of our entire NBC program, both defensive and offensive. It furnishes an enormous amount of good, hard factual data along with the graphic illustrations. I would like to furnish you and your staff with complimentary copies of it. I think it would answer most of your questions. I wish I had brought it with me.

Senator **HUMPHREY**. Thank you, if you would.

One last question. In the O&M budget submission, there is a request for increased O&M funding for classified programs. Apparently that is all the information we have. They are just labeled as classified programs, and we would like to be able to review these details.

Can you arrange to take care of that for us?

General **MAHAFFEY**. Senator, I would be glad to have my staff brief whatever member or members of your staff you select to have briefed.

Senator **HUMPHREY**. All right. I think that covers it.

Thank you very much, General Mahaffey, and gentlemen. We appreciate your help.

General **MAHAFFEY**. It has been our pleasure to be with you, Senator. We appreciate your support.

[Questions asked by Senators to be answered for the record follow:]

QUESTIONS SUBMITTED BY SENATOR WILLIAM S. COHEN

Senator **COHEN**. I am aware of the fact that over the past several years the Department of Defense has conducted a series of surveys of the domestic footwear industry's ability to meet mobilization needs.

In response to my request last year, the General Accounting Office recently completed a study of the domestic footwear industry's ability to meet military mobilization needs.

[The material referred to follows:]

BY THE U.S. GENERAL ACCOUNTING OFFICE

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Report To The Chairmen
House And Senate Footwear Caucuses

The U.S. Footwear Industries' Ability To Meet Military Mobilization Needs

In the event of a major military mobilization, Defense may have problems in meeting its military footwear needs. Its prepositioned war reserve stocks of footwear, which are used during the initial stages of a conflict, are below requirements. Defense reports show that, once these stocks are depleted, the domestic rubber footwear industry would be unable to fully meet mobilization needs for rubber combat footwear. In addition, reflecting its concern with the U.S. nonrubber footwear industry's loss of competitiveness due to foreign competition, Defense has initiated a major evaluation of that industry's ability to meet mobilization needs.

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ABBREVIATIONS

DPSC	Defense Personnel Support Center
PWR	Prepositioned war reserve

THE U.S. FOOTWEAR INDUSTRIES' ABILITY TO MEET DEFENSE DEPARTMENT NEEDS IN THE EVENT OF A MAJOR MILITARY MOBILIZATION

In the event of a major mobilization (see p. 5), the Department of Defense may have problems in meeting its military footwear needs. The prepositioned war reserve (PWR) stocks of footwear, which would be used during the initial stages of a conflict, are below requirements set by Defense. A series of reports by the Defense Personnel Support Center (DPSC)[1] show that, once these stocks are depleted, the rubber footwear industry would be unable to fully meet mobilization needs for rubber combat footwear. Further, reflecting its concern with the nonrubber footwear industry's loss of domestic manufacturing capacity due to import competition, DPSC has initiated a major evaluation of that industry's ability to meet mobilization requirements.

BACKGROUND

Concern about the U.S. footwear industries' ability to meet Defense's mobilization needs is not without precedent. During World War II, the U.S. government rationed nonrubber footwear to the general public. Shoes were rationed on a basis of three pairs per person each year beginning February 1943 and on a basis of three pairs per person every 2 years beginning January 1945. The present concern focuses not only on nonrubber footwear but also on rubber footwear and the basis for this concern is diminished productive capacity due to import competition.

Section 721A of the Department of Defense Appropriations Act, 1984 (97 Stat. 1442) requires Defense to procure domestically made footwear. This provision, which was first introduced in 1954, states that, with certain exceptions, Defense can purchase only U.S.-made "food, clothing, cotton, silk, synthetic fabrics, wool, or specialty metals..." Defense has interpreted clothing to include rubber and nonrubber footwear.

Despite being protected by tariffs that increase the price of imports by as much as 60 percent, U.S. rubber footwear producers are losing their share of the domestic market to imports. Foreign producers, which use highly labor intensive manufacturing techniques, benefit from much lower labor costs. Domestic shipments of rubber-soled, canvas-upper (i.e., athletic) footwear, which represent over 88 percent of domestic consumption of rubber footwear, decreased 54.2 percent from 1964 to 1983, while imports increased about 253 percent. Domestic production of rubber protective footwear decreased about 67 percent while imports remained stable during 1978-83 (the only years for which statistical information is available). A number of firms, including some major rubber footwear producers, have ceased or curtailed domestic production. Employment in the production of rubber and plastic footwear has declined steadily, from 26,300 employees in 1973 to 15,600 employees in 1983. Defense purchases, which represent less than 1 percent of domestic consumption of rubber footwear, can sustain only a very small portion of the domestic industry.

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[1] DPSC, among other things, conducts virtually all military purchases of footwear and monitors the mobilization capabilities of the footwear, clothing, and textiles industries.

The domestic nonrubber footwear industry has also lost considerable domestic market share to foreign competition, which benefits from much lower wage rates. Domestic production of nonrubber footwear decreased 50 percent, from 642 million pairs in 1968 to 341 million pairs in 1983, while imports increased nearly 232 percent. During 1968-83, imports increased from about 22 percent of domestic consumption to 64 percent and, during the first six months of 1984, imports represented about 70 percent of domestic consumption. The corresponding loss of commercial sales caused many nonrubber footwear firms to cease domestic production. According to the Footwear Industries of America, a nonrubber footwear industry trade association, the U.S. nonrubber footwear industry experienced a net decline of 402 plants during 1968-83. Employment in producing nonrubber footwear decreased 42 percent, from 230,000 workers in 1968 to 133,000 workers in 1983. Defense purchases represent only about 1 percent of domestic consumption of nonrubber footwear and, thus, can sustain only a very small portion of the domestic industry.

OBJECTIVES, SCOPE, AND METHODOLOGY

In response to a request from Senator William S. Cohen and Representative William Alexander, Chairmen of the Senate and House Footwear Caucuses, we examined the U.S. footwear industries' ability to meet Defense needs in the event of a major military mobilization. We subsequently agreed with members of their staffs to rely primarily on Defense records and evaluations in examining (1) the adequacy of prepositioned war reserve stocks of military-essential footwear and (2) the domestic industries' ability to meet Defense mobilization needs once these prepositioned stocks are depleted. We did not assess the U.S. footwear industries' ability to meet civilian needs in a crisis. We could find no sound method for projecting civilian footwear needs or the ability of foreign sources to meet those needs nor could we foresee technological advancements in the manufacture of commercial footwear. The information in this report served as the basis for an earlier briefing provided to the requestors' staffs.

In reviewing the adequacy of prepositioned war reserve stocks of footwear, we interviewed officials of the Defense Logistics Agency, DPSC, the Army Materiel Command, and Army Support Activity-Philadelphia. We also obtained statistical data on projected requirements for rubber and nonrubber combat footwear and compared this with information showing PWR stocks on hand and in process of being purchased as of May 1984 to identify possible shortfalls.

In reviewing the industry's ability to meet mobilization requirements, we interviewed representatives of the Footwear Industries of America, Footwear Division of the Rubber Manufacturers Association, Commerce's Bureau Of Industrial Economics, and International Trade Commission regarding the overall competitive situation and prospects for the U.S. rubber and nonrubber footwear industries. We also interviewed officials of DPSC, the Federal Emergency Management Agency, and Commerce's Office of Industrial Resource Allocation regarding U.S. government determination of mobilization needs and the industries' ability to meet those needs. We also reviewed in detail a series of DPSC reports on the rubber footwear industry's ability to meet mobilization requirements and the ongoing study regarding the nonrubber footwear industry's ability to meet mobilization needs.

PREPOSITIONED WAR RESERVE STOCKS OF FOOTWEAR ARE BELOW REQUIREMENTS

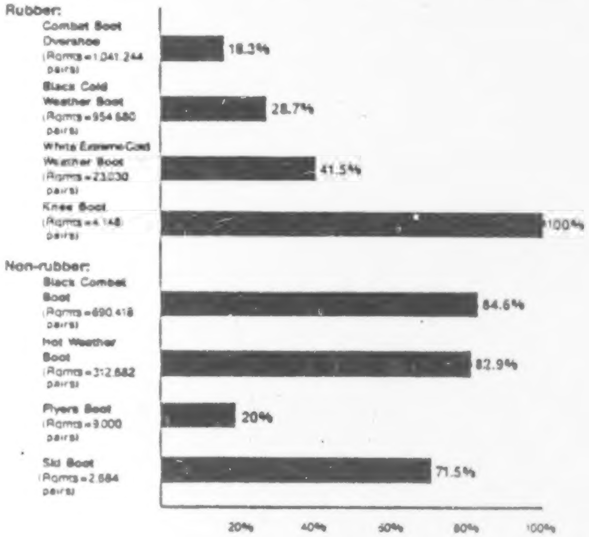
Defense reportedly needs to improve the readiness of the armed forces by increasing the prepositioned war reserve stocks of several combat-essential items, including footwear. The PWR stocks, which are maintained by the individual services for use during the first 60 days of a conflict, serve as a major component of the military's readiness. After this initial period, the industrial base is expected to have increased production sufficiently to meet all military needs until the end of the conflict.

A March 1984 report by the Surveys and Investigations staff of the House Committee on Appropriations on the readiness of the U.S. military found critical deficiencies in the forward stocks of, among other things, weapon systems, ammunition, fuels, and spare parts. A similar Defense study acknowledges that deficiencies exist and outlines Defense's efforts to improve the readiness of the U.S. military, such as increasing acquisition and deployment of weapons systems.

The Army, which represents over 90 percent of the military's requirements for combat-essential footwear, has not fully met its PWR requirements for footwear, due primarily to funding limitations. The Army centrally determines its PWR needs for footwear based on troop strength, estimates of intra-theater footwear losses, the time period covered, and a replacement ratio. A requirement is calculated for each of the Army's major commands (i.e., Europe, Korea, etc.), each of which is responsible for maintaining its own PWR stocks. If it is unable to meet its PWR requirements due to insufficient funding or lack of storage space, a major command may ask the Army Support Activity to meet the shortfall.

Despite improvements over the past 4 years, there are unfilled shortages in the Army's PWR stocks of several major types of combat-essential footwear. These shortages result largely because the Support Activity does not have sufficient funding to meet all requests received from the major commands. As shown in the chart below, the Army has met 84.6 percent of its PWR stock requirements for black leather combat boots, 29.0 percent for rubber cold-weather boots, and 18.3 percent for combat boot overshoes.

Prepositioned War Reserve Stocks of Footwear As A Proportion of Requirements (May 1984)[a]



[a] PWR stocks include footwear on hand as well as footwear being purchased.

Source: Based on information provided by the Department of the Army

These shortfalls could increase demands placed on the domestic footwear industries in the event of a mobilization and should be considered in DPSC's assessments of the footwear industries' ability to meet mobilization needs.

U.S. FOOTWEAR INDUSTRIES MAY NOT BE ABLE TO FULLY MEET MOBILIZATION NEEDS

A series of reports by DPSC recognizes that the U.S. footwear industries may face difficulties fully meeting military mobilization needs after prepositioned war reserves are depleted. Defense bases its mobilization requirements for footwear on a scenario that involves a multi-year, conventional war in several theaters of conflict. Consequently, these requirements include not only leather combat boots but also hot and cold-weather boots. A war of smaller geographic scope and/or lesser duration would likely place lesser demands on the domestic footwear industry.

The need to improve the U.S. industrial base is not unique to the footwear industries; Defense is taking steps to improve several industries' mobilization capabilities. A December 1980 House Armed Services Committee report, entitled The Ailing Defense Industrial Base: Unready for Crisis, noted that "the industrial base is not capable of surging production rates in a timely fashion to meet the increased demands that could be brought on by a national emergency." Defense contractors lacked the ability to meet mobilization needs for, among other items, the A-10, F-15, and F-16 jets, M-1 tank, and UH-60 helicopter. The mobilization base deficiencies were caused by decreases in the number of firms selling to Defense, increased lead times for producing combat-essential items, shortages of critical skilled manpower and materials, and aging production facilities. In his report to the Congress in support of Defense's fiscal year 1985 budget request, the Secretary of Defense outlined steps the Department is taking to improve the defense industrial base.

Rubber footwear

Several DPSC reports since 1981 have cited deficiencies in the rubber footwear industry's ability to meet mobilization needs. The latest report, which was issued in February 1983, concluded that the domestic industry could not meet mobilization needs for black cold-weather insulated boots. Further, the loss of even one supplier would jeopardize the industry's ability to meet requirements for hot-weather (jungle) boots and vinyl combat overshoes. The industry's problems generally stem from a lack of specialized tooling and skilled labor needed to produce a boot that meets Defense's exacting specifications and high quality requirements.[2] This study also concluded that there was no acceptable commercial substitute for the present cold-weather boot or prospects that the boot currently in use would be replaced by a new design.

In December 1983, DPSC formally recommended that the Defense Logistics Agency allocate $1.3 million to enable two rubber footwear manufacturers to expand their capacity to produce insulated cold-weather combat boots by 535,000 pairs annually. The Agency denied the request in March 1984, stating that the measure, which has a relatively short implementation lead time of 3 months, could be implemented quickly in the event of a mobilization.

Nonrubber footwear

Although most industry experts with whom we spoke generally believe that the nonrubber footwear industry could presently meet mobilization needs, DPSC was sufficiently concerned with the industry's competitive position to have initiated a major study in May 1984 of its mobilization capacity.[3] As a first step in this effort, DPSC segmented the combat-essential footwear it purchases into several categories and compared Defense's mobilization requirements with the maximum production capacity of active nonrubber footwear suppliers. Preliminary indications are that these suppliers can meet all of Defense's mobilization needs for nonrubber footwear, with the exception of direct-molded-sole leather combat boots. DPSC cautions that these preliminary findings are inconclusive. Among other things, it still needs to survey firms that are on the bidders list for nonrubber footwear, but are not active suppliers,[4] to determine their maximum capacities for producing combat-essential footwear. This study will also consider the ability of industries that supply the nonrubber footwear industry, such as the tanning and footwear machinery industries and firms that produce shoe parts (i.e., eyelets, shanks, laces, etc.), to support a mobilization effort.

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[2] Cold-weather boots for commercial purposes generally provide protection in temperatures as low as -5°F, but Defense requires that its cold-weather boots provide protection to -40°F. As a result, while the commercial boot can be produced using a largely capital-intensive process, it takes 65 to 70 separate skilled operations to manufacture a cold-weather boot that meets Defense's specifications.

[3] This study will also update the findings of previous mobilization studies of the rubber footwear industry.

From the information obtained in this study, DPSC plans to develop conclusions and, if necessary, recommend ways to improve the industry's mobilization capacity. Such measures generally involve either (1) a modernization and investment program, through which Defense funds supplier efforts to update production facilities, or (2) a preparedness equipment package, through which Defense funds supplier purchase and maintenance of additional production equipment which would be brought on line in the event of a mobilization. DPSC could also increase its stocks of combat-essential nonrubber footwear to compensate for limitations in the industry's mobilization capacity.

As part of its ongoing responsibilities, DPSC also plans to continue monitoring developments in both the rubber and nonrubber footwear industries. According to industry analysts, the future of both these industries is uncertain. For instance, the Footwear Division of the Rubber Manufacturers Association testified before the International Trade Commission in March 1984 that the free trade agreement being negotiated between the United States and Israel may allow Israel to export rubber footwear into this country duty free, further reducing the domestic industry's market share and weakening its competitiveness. Nonrubber footwear industry experts see conflicting trends in that industry. The Footwear Industries of America, pointing primarily to increased market penetration by imports and to plant closings, argues that if present trends continue the U.S. nonrubber footwear industry may disappear. Others, including the

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[4] A firm need only complete the proper form to be included on the bidders list. It need not demonstrate the capability to manufacture the items in question. Most inactive suppliers have not won contracts because they were not price competitive, but DPSC staff acknowledge that some of these firms may also not have the capacity to produce footwear that meets Defense specifications.

International Trade Commission,[5] point to increased profits and stable production during 1981-83 in arguing that the industry has stabilized.

AGENCY COMMENTS

The Defense Department provided official oral comments on this report. Defense concurred with our finding that its PWR stocks of certain combat-essential footwear are below requirements. It added that this shortage is due to the programming level authorized for the acquisition of war reserve stocks. Defense also pointed out that the Army is making continuous effort to meet its PWR requirements for footwear but that, given resource limitations, it is questionable whether the Army will ever reach 100 percent of these requirements.

Defense also agreed that the domestic footwear industries may not be able to meet military needs in the event of a major mobilization. Defense noted that mobilization capacity for the manufacture of rubber cold-weather insulated boots is the weakest area of our mobilization base for footwear. It continued to believe, however, that corrective action could be taken during a mobilization situation that would significantly reduce any shortfall in a relatively short period of time. Defense remains concerned with the nonrubber footwear industry's ability to meet mobilization needs and will continue to monitor conditions in the industry to insure that any change in capability or requirements receives a proper response.

Although we did not solicit industry comments on this report, Footwear Industries of America, a trade association representing the nonrubber footwear industry, furnished comments to your staff at a meeting on December 3, 1984. We considered these comments in preparing our report. One of the association's comments was that, assuming a mobilization requirement similar to that experienced during 1941-42, the domestic nonrubber footwear industry currently does not have sufficient production capacity to meet mobilization requirements. The industry association's assumption regarding mobilization requirements is not shared by the Defense Department. Defense's current mobilization scenario envisions the need for less combat footwear than projected by the industry association. Nevertheless, as we have stated, Defense was sufficiently concerned about the domestic nonrubber footwear industry's loss of competitiveness to have initiated a study of its mobilization capacity. Defense anticipates concluding this study by June 1985.

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[5] In response to a petition for import relief under Section 201 of the Trade Act of 1974 filed by the Footwear Industries of America, the International Trade Commission, on July 9, 1984, voted unanimously to recommend against providing such relief to the domestic nonrubber footwear industry.

FOOTWEAR

Senator **Cohen**. In that study, GAO indicates that: "its (DOD) prepositioned war reserve stocks of footwear, which are used during the initial stages of a conflict, are below requirements." Further, GAO points out that once these stocks of rubber footwear are depleted, "the domestic rubber footwear industry would be unable to fully meet mobilization needs for rubber combat footwear."

I am concerned with the bar graph on page 4 of Appendix I, which shows that in several categories prepositioned war reserve stocks of footwear fall short of the Department's own stated requirements. For example, as of May 1984, apparently only 18.3 percent of the stated need for black cold weather boots had been purchased, and 41.5 percent of the need for white, extreme cold weather boots had been bought by DOD.

Can you tell me why the Department has fallen so short of meeting its own requirements for the procurement of the various categories of footwear?

General **Mahaffey**. We employ a deliberate decision process in determining how much of our financial resources should be devoted to acquire the equipment to maintain the force. These decisions are influenced by many factors to include the dollars available, the storage capacity in the United States and abroad, the impending introduction of technically advanced items and the capability of industry, as well as the time it needs to produce an item. For example, we are replacing the current combat boot and the combat boot overshoe. It would not be prudent to build up war reserve stocks for items we intend to replace.

The Army has not fallen significantly short on meeting the footwear requirements. We are making substantial investment in upgrading footwear for our soldiers on a continual basis. For example, in 1985 we are spending 55 million dollars to buy combat boots to meet operational and contingency requirements. We have allocated 79 million dollars to purchase combat boots in 1986. Significant investments are also being made in other categories of footwear.

Senator **Cohen**. How much money would be needed to fill these requirements?

General **Mahaffey**. Our total wartime requirement for footwear is $65.6 million. Some non-rubber footwear, such as the black combat boot and hot weather boot, are not affected by shelf life. Rubber footwear, such as combat boot overshoe and black cold weather boot, have a shelf life of 5 years and must be issued within this timeframe or they become unserviceable. Eleven million dollars would be required to reach the five year level.

[in millions]

	5 year total	Wartime req	Difference
Combat boot overshoe (R)	$7.6	$7.9	$0.3
Black cold weather boot (R)	3.4	50.2	46.8
White extreme cold weather boot (R)	NA	.4	.4
Knee boot	NA	0	0
Black combat boot	NA	5.1	5.1
Hot weather boot	NA	1.1	1.1
Flyers boot	NA	.3	.3
Ski boot	NA	.6	.6
Totals	11	65.6	54.6

Senator **Cohen**. Do you see a similar problem arising in fiscal year 1986, and if so, what steps will be taken to resolve this problem?

General **Mahaffey**. The factors which influence our stockage and acquisition strategy are not expected to change significantly. With introduction of the new combat boot, we have increased our allocation for footwear from 55 million dollars in fiscal year 1985 to 76 million dollars in fiscal year 1986.

Senator **Cohen**. As you know, the capacity of the domestic footwear industry, both rubber and non-rubber, has shrunk to dangerously low levels because imports have taken an increasingly large share of the U.S. market. What steps has DOD taken, or proposes to take, to help assure the survival of what is left of this industry, so that it may continue to supply the future needs of the Department of Defense?

General **Mahaffey**. DOD policy is to "Buy American". We also spread our requirements to ensure that manufacturers stay in production. Currently there is no problem in obtaining footwear. The industry has sufficient capability to fill peacetime requirements. Likewise, current industrial base would have no problem providing footwear during a limited conflict scenario.

QUESTION SUBMITTED BY SENATOR JEREMIAH DENTON

DESERTION RATES

Senator **DENTON**. General Mahaffey, a desertion rate of six per thousand, even though a lower rate than in earlier years, still seems high to me for an all-volunteer force. Can you give me some details about deserters—patterns, reasons, periods of time, repeat offenders, et cetera?

General **MAHAFFEY**. For Department of the Army, a zero desertion rate would be ideal. However, I am happy to report that the Department of the Army desertion rate has declined the previous four years and according to all available statistics the fiscal year 1984 desertion rate of 6.1 per thousand average enlisted strength is the lowest in the history of the Army.

In recent years, studies by the Army Research Institute for Behavioral and Social Science found that soldiers who desert frequently have the following characteristics: high school drop-outs; Caucasians; lower mental ability (below mean scores on Armed Forces Qualification Tests); 17 or 18 years old; serving their first enlistment; in transit; at the end of basic combat training or advanced individual training; from southern states; in confinement or under criminal or disciplinary charges; and classified as duty soldiers. It should be noted that Caucasians and soldiers from southern states also make up the largest percentage of the enlisted strength of the Army. Men most frequently desert for personal, family, and financial reasons; failure to adjust to military life; and inability to resolve their personal problems. However, most soldiers in similar circumstances work their problems out within the Army system and do not desert.

Desertion increases during wartime. Entry standards are lowered, leaders are less experienced, personnel and pay systems are overloaded, and unusual personnel turbulence make it difficult for leaders and men to get to know and trust each other. The actual desertion event is rather infrequent, and many factors associated with desertion are, because of the personal nature, difficult to know about in advance and provide appropriate guidance to deter the event.

The repeat offender has not been a problem in recent years. During fiscal year 1984, fewer than two percent of the desertion incidents reported in Department of the Army involved repeat offenders.

QUESTION SUBMITTED BY SENATOR ALAN J. DIXON

IS BUDGET UNDERFUNDED?

Senator **DIXON**. You stated on page 9 that the Army's fiscal year 1986–90 Five Year Defense Program (fiscal year DP) as contained in the service's Program Objective Memorandum (POM) request to DOD: "was based on an assumed 6.5 percent real growth rate, which in hindsight, was unrealistically high. The Army's five year program was undercosted, and therefore, to a substantial extent, unaffordable."

You say that realization that available fiscal resources would be more constrained led the Army to decide not to increase its end-strength beyond the current 781,000.

However, the Army made the decision last year, or possibly even the year before that, to keep its end strength at a constant 781,000 level and told the subcommittee/full committee that. That should not have permitted any reductions in fiscal year 1986–89, at least, since that troop level was established at least in the fiscal year 1985–89 fiscal year DP. What else have you done to adjust your program to a more realistic real growth rate. What specifically have you cut, and by how much (BA/outlay) in each year? Which programs were more affected? Readiness or procurement?

General **MAHAFFEY**. It is correct that the Army's decision not to increase end strength beyond 781,000 was made prior to the submission of the fiscal year 1985 budget and was not based on the undercosting of the fiscal year 1986–90 program. At the time the Army made the end strength decision, however, it was clear that the average annual real growth that we had been anticipating simply was not going to materialize and the program would have to be adjusted. As we looked at the alternatives, we concluded that given the cost of manpower, future demographics, and the need to continue to sustain both our readiness and modernization programs, the choice of having to constrain our end strength was a viable option.

To compensate for a lower real growth rate we have had to make adjustments. Sustainability and modernization programs have not grown at the rate required to meet an ever increasing threat. However, every effort has been made to balance programs while at the same time ensuring special protection for readiness related areas. Illustrative examples of some of the adjustments we made are as follows:

TOA	*(Millions)*
Family housing maintenance	–$14.1
Ammunition adjustments	–156.5
5-ton truck	–110.5
DIVAD/STINGER	–141.0
USAR end strength ramp reduction (2000 ES)	–6.7
ARNG end strength ramp reduction (5000 ES)	–17.2
Supply activities	–48.2

FLYING HOURS

Senator DIXON. General Mahaffey, I understand the Army's flying hour program increases by approximately 100,000 flying hours in fiscal year 1986. What is the cost of this increase?

General **MAHAFFEY**. The fiscal year 1986 flying hour program increased by approximately 120,000 hours at an Aircraft Procurement, Army cost of $18.7 million and an Operations and Maintenance Army cost of $54 million.

Senator DIXON. In the past, the Army's flying hour program has been constrained by a lack of spare parts. Has this constraint been solved?

General **MAHAFFEY**. Yes, the spare parts constraint that was identified in fiscal year 1982 has been resolved. The fiscal year 1986 budget is fully funded for Aircraft Procurement Army spares.

Senator DIXON. What will this flying hour increase mean to the average Army aircrew?

General **MAHAFFEY**. The upgrade to the fiscal year 1986 flying hour program will increase the average hours per crew per month from 17.6 hours in fiscal year 1985 to 18.2 hours in fiscal year 1986 or approximately .6 hours more per crew per month.

Senator DIXON. How many hours per month will aircrews fly next year compared to this year and last year?

General **MAHAFFEY**. The average number of hours per crew per month flown in fiscal year 1984 was 16.4; in fiscal year 1985 the Army expects to achieve 17.6 and is projecting 18.2 hours per crew per month in fiscal year 1986. This operating tempo is an Army-wide average and hours per crew per month associated with an individual aircraft system may vary substantially.

Senator DIXON. How do these levels compare to the minimum levels aircrews need to fly to maintain proficiency?

General **MAHAFFEY**. Projected operating tempo is an Army-wide average of 18.2 hours per crew per month in fiscal year 1986. The Army's requirement represents an average of all aircraft and aircrews and is approximately 20 hours per crew per month. The Army's requirement is best determined by examining individual aircraft systems in isolation. Flying hours per crew per month for the Army's four major tactical helicopter systems are listed below. The operating tempos represented are compiled from actual flying hour execution data and aircraft year-end inventories and represent a best estimate.

OPERATING TEMPO'S (HOURS/CREW/MONTH)

Aircraft	Actual	Projected		Requirement
	Fiscal year 1984	Fiscal year 1985	Fiscal year 1986	Fiscal year 1988
AH-1	8.9	12.9	15.1	20.0
OH-58	11.9	12.5	13.6	18.1
UH-60	12.7	16.8	20.9	22.7
UH-1	19.3	22.9	22.0	25.1

Senator DIXON. It is my understanding that the Army still may be thousands of flying hours short. Could these hours be flown in fiscal year 1986 if additional resources were available? How many and at what cost?

General **MAHAFFEY**. Additional flying hours above the current fiscal year 1986 program could not be flown because of the two year lead time required for procurement and acquisition of spares. The Army has programed to achieve the operating tempo necessary to maintain full individual, crew, unit and combined arms proficiency in fiscal year 1988.

EQUIPMENT SHORTAGES

Senator **DIXON**. General Mahaffey, recently Dr. Larry Korb, the Assistant Secretary of Defense for Manpower Installations and Logistics, told this subcommittee that "Army equipment shortages continue to be a serious readiness problem." Dr. Korb went on to say that "these shortages will not get fixed very quickly with the level of funding we are able to make available for Army equipment procurement." How serious are these shortages? What types of equipment are we talking about? In your opinion, do these shortages fall into the category of "war-stoppers?"

General **MAHAFFEY**. The equipment shortages in question are serious. Types of equipment include armored personnel carriers, tactical wheeled vehicles, communications equipment, tactical trailers, night vision devices, generators and recovery vehicles. [Deleted.]

Senator **DIXON**. General Mahaffey, do you share Dr. Korb's assessment that Army equipment shortages are a problem that is not going to be fixed very quickly under current levels of funding?

We have had almost 50 percent real growth in the Defense Department's budget from fiscal year 1980- fiscal year 1985.

If we still face these large shortages in Army equipment needed to fight and sustain conventional war after this kind of increase in defense spending, doesn't that suggest that our spending priorities with the Defense program have been out of balance in the last five years, particularly with respect to strategic nuclear programs?

General **MAHAFFEY**. The Army's equipment shortages are not the result of an imbalance in defense spending favoring strategic systems. Our current strategic/conventional balance is appropriate in light of the threat we face.

The Army's equipment shortages more accurately reflect the decade of low or negative real growth during the 1970's.

Equipment inventories in units have steadily increased over the past several years. At the same time our procurement has funded replacement or production improvement of older equipment.

The degree of hollowness that existed in 1980 has prevented our procurement from completely eliminating our equipment shortages.

We have maintained an appropriate budget balance between the Army's modernization needs and those needs expressed by the Unified Commanders for more readiness and sustainability. We have increased our war reserve stocks substantially and have taken steps to fill the CINCs warfighting requirements in other areas.

Modernization of our forces remains critical to our national warfighting capability as we face an ever modernizing threat and attempt to raise our nuclear threshold with a strong conventional force. The Army was the only service that had not modernized its main battle systems and still remains the only service without follow on systems to meet expected future threats. Shortages still exist in war reserve stocks, in equipment, in spare parts, in training equipment, and in other areas. We continue to carefully balance our program to meet our most critical needs first.

OVERALL ARMY READINESS

Senator **DIXON**. General Mahaffey, the chart on page 19 of your statement shows little change in the overall readiness of Army units reported under the Unit Status Reports in recent years.

Your response to this chart seems to be that the readiness trends measured by the Unit Status Reports do not give an accurate picture of overall Army capability. Is that correct?

But the chart on page 19 of your statement dramatically highlights that equipment shortages are the major drag on Army readiness. Isn't that actually the case?

General **MAHAFFEY**. The chart on page 19 of my prepared statement shows that overall unit status C-ratings have not changed significantly over time, despite the fact that personnel and training C-ratings have improved. This is because overall C-ratings are also tied to equipment C-ratings that have declined.

As pointed out in my prepared statement, although real equipment shortages do exist in the Army, the primary reason for the decline in equipment C-ratings was that equipment requirements specified in authorization documents were changing faster than new equipment was available for fielding. This problem has masked the fact that the readiness and warfighting capability of most units has actually increased. The Army is working to improve its procedures for documenting changes in wartime requirements and fielding equipment to reduce the adverse affect modernization is having on unit status C-ratings.

In my prepared statement I emphasised that the Unit Status Report is not designed to measure an organization's total readiness or other aspects of its warfighting capability (modernization, force structure, and sustainability). Unit status C-ratings, therefore, must be used in conjunction with other indicators and analytical tools to monitor the Army's readiness and warfighting capability.

A shortage of equipment is the Army's number one readiness problem. However, the situation is not nearly as severe as the equipment C-ratings trend line implies. If it was not for the way modernization procedures are adversely affecting unit status C-ratings the equipment trend line would be positive not negative.

As a result of actions being taken to correct modernization procedures and the many initiatives being taken to fix those actual equipment problems that do exist in Army units, we anticipate that equipment ratings will significantly improve in fiscal year 1985.

UNIT STATUS REPORTS

Senator DIXON. General Mahaffey, my understanding is that the Joint Chiefs of Staff still use the readiness information in the Unit Status Reports.

If you don't think the Unit Status Reports give a complete picture of Army readiness, have you suggested a new system to the JCS?

What has their response been? Have they approved the new readiness rating system the Army is developing?

General MAHAFFEY. The primary purpose of the Unit Status Report is to meet operational information requirements by providing the current status of Army units to National Command Authorities, the Joint Chiefs of Staff (JCS), and Department of the Army. The Army also uses these reports as an internal resource management tool.

To retain its utility as an operations tool, Unit Status Reports are purposely designed to measure only selected key indicators of a unit's readiness (e.g., personnel fill, equipment fill, equipment maintenance, and training). The current Unit Status Reporting System is suitable for its intended function, however, the Army is currently refining its reporting procedures.

Because Unit Status Reports provide only a limited snapshot of a unit's readiness, C-ratings must not be used in isolation to assess unit or Army readiness. Therefore, the Army uses many indicators (examples provided in prepared statement), in conjunction with unit status C-ratings, to monitor readiness. We are also working with OSD and JCS to improve the Force Readiness Report so that it better portrays Army readiness.

The Army has not proposed a new readiness reporting system. Readiness is but one of the components of the Army's warfighting capability, other components are modernization, force structure, and sustainability. The Unit Status Report will only measure the impact of changes in these other components as it affects the selected unit status indicators being assessed. For example, two tank battalions, one equipped with 54 M60 tanks and the other equipped with 58 M1 tanks, can both be reporting the same equipment on-hand C-rating, even though the modernized battalion has a much greater warfighting capability than the one equipped with the old tanks.

What the Army has done is develop a system called Measuring Improved Capability of Army Forces (MICAF), that measures increased combat potential resulting from modernization and force structure changes. MICAF clearly demonstrates the pay-off from modernization and force structure initiatives. This system is discussed in detail in my prepared statement. We are still in the process of presenting this system to OSD and JCS, reaction to-date has been positive.

INFLATION ESTIMATES

Senator DIXON. General Mahaffey, if you go back and look at how Congress has cut the defense budget over the last 4 years, one of the areas where cuts have been made has been financing adjustments—lower inflation, lower fuel prices, better contract prices.

Last year, at the last minute in the Conference on the fiscal year 1985 Defense Authorization Bill the Comptroller's office told us that they had suddenly found over $1 billion in unanticipated savings in the accounts under this Subcommittee's jurisdiction that could be used to meet the Congressional reduction target.

My question is: Did Congress remove all of that inflation dividend in the Army's Operation and Maintenance and Stock Fund accounts in the final fiscal year 1985 authorization and appropriation bills?

How much of this inflation dividend was left in these accounts in fiscal year 1985, and what is being done with these funds? Could Congress consider taking money appropriated last year and moving it forward to pay some of this year's bills?

General **Mahaffey**. The answer to your question is "yes." Congress did remove all the inflation dividends in the Army's Operation and Maintenance and Stock Fund accounts in the fiscal year 1985 authorization and appropriation bills. There were no inflation dividends left in these accounts in fiscal year 1985, that could be moved forward to pay some of this year's bills.

OTHER READINESS AND SUSTAINABILITY ISSUES

Senator **Dixon**. General Mahaffey, even though war reserve requirements have been funded at expanding rates since fiscal year 1980 there is still a considerable gap between what is on hand and in the procurement pipeline compared with total requirements. How sustainable is the force in a protracted, multi-theater conventional conflict? Please identify your most critical deficiencies in each theater and identify those which could begin to be better redressed by additional funds in 1986?

General **Mahaffey**. In aggregate estimated days of supply, current assets versus theater stockage objectives as of 31 Dec 1984 are: Major items [deleted]; Secondary items [deleted]; and Ammunition [deleted].

BACKLOG OF MAINTENANCE AND REPAIR (BMAR)

Senator **Dixon**. The backlog of maintenance and repair (BMAR) was being reduced significantly through fiscal year 1983, but indications are the BMAR is increasing once again. What effect has modernization had on the BMAR growth? Will older facilities be retained beyond their economic life because facilities needed for new organizations and equipment cannot be supported in the military construction program in time to meet modernization schedules?

General **Mahaffey**. BMAR has decreased significantly from fiscal year 1981 through fiscal year 1984 and will continue to decrease but at a slower rate through the fiscal year 1986 program as budgeted. This slower decrease can be partially attributed to increasing resources in force structure and other modernization areas. However, resources have also been increased significantly in the military construction area in an effort to not only meet the requirement for force structure and modernization initiatives but to begin delayed facilities renewal. The average age of Army facilities is currently 37 years but with the resources currently budgeted in the 5 year program for military construction we hope to begin to renew these facilities at a rate to achieve an average age of 25 years. We cannot afford to reduce the military construction budget and thus continue to consume our facilities without adequate renewal.

Senator **Dixon**. DOD's goal is to reduce depot maintenance backlogs to zero. As additional equipment is added to the inventory in ever increasing quantities throughout the 1980s, by how much will depot maintenance budgets have to be increased to accommodate the goal? Why aren't sufficient funds contained in the fiscal year 1986-1990 defense program to reach that objective? Provide yearly totals. If depot maintenance budgets cannot be increased to meet the goal, how will force readiness be affected—by major equipment categories?

General **Mahaffey**. Our last formal assessment regarding the Depot Maintenance Program revealed the following:

[In millions of dollars]

Fiscal year	Unfinanced requirements:				
	1986	1987	1988	1989	1990
Materiel maintenance	11	157	169	142	42
Maintenance support	230	228	235	179	40
Total	241	385	404	321	82

However, this data is one year old and we are just now looking at updated requirements for programing fiscal year 1987—fiscal year 1991. Although the numbers are still being scrubbed, we do not expect them to change significantly.

The funding level for fiscal year 1986 results in an $11 million backlog for materiel maintenance and $230 million for maintenance support. For the remaining program years, the program remains in balance and will not hamper key readiness issues.

We do not expect an adverse impact on Force Readiness for the outyears because we will fund: repair of secondary items, which enhances near-term readiness; modifications and conversions, which extend the life and enhance the capabilities of existing systems; and all overhaul and repair of Force Modernization systems.

OTHER READINESS AND SUSTAINABILITY ISSUES

Senator DIXON. General Wickham, the materiel sustainability of our forces is largely described and reported on the basis of theater by theater war reserve fill rates. These reports demonstrate significant shortfalls in stock levels that raise serious questions as to how long we can sustain relative to our ability to move CONUS stocks to the theater and to the point industrial base production capacity is sufficient to meet war time consumption and loss requirements. Considering the potential to move theater prepositioned stocks from one theater to another, how long can we sustain on a theater-by-theater basis?

General MAHAFFEY. Three major theaters—Europe, Southwest Asia and Northeast Asia—constitute the basis of our wartime scenarios due to the potential for outbreak of hostilities. War reserve requirements are computed on the basis of multitheater combat operations occurring as stipulated in a DOD-wide illustrative planning scenario. Sustainability estimates for "single theater wars" equate to estimates for the multiple conflict scenario as materiel located in a theater would remain in the theater to maintain warfighting capability (a deterrent to initiation of hostilities). In the event of the execution of a contingency plan and on a case-by-case basis, selected items may be moved from a theater to the point of need. Current aggregate sustainability projections (assets vs. stockage objectives) in days of supply for the major theaters are: Major items [deleted]; secondary items [deleted]; and ammunition [deleted].

U.S. WAR RESERVES

Senator DIXON. General Mahaffey, are U.S. war reserves intended solely for U.S. force consumption? Do current operation plans anticipate that certain types of sustainability stocks will be provided by our allies? How have these considerations been built into budget requirements? What effect do these anticipated drawdowns or additions to war reserves have on reported sustainability? Are U.S. taxpayers spending their money to buy ammunition and other supplies to be given to our NATO allies in a war if needed, because our allies are unwilling to spend their own tax dollars for them?

General MAHAFFEY. U.S. war reserves are intended for use by U.S. forces, except for WRSA, or War Reserve Stocks, Allies (U.S.-owned materiel held in Korea for use by Republic of Korea forces, a complementing additive to ROK war reserve stocks).

With the exception of WRSA, our current operational plans assume all allies, to include the U.S., will sustain their respective forces. There are contingency provisions in NATO for limited reallocation of national stocks (rations, POL and conventional munitions) for an emergency in war.

Excluding WRSA, our budget requirements reflect support for U.S. forces only. We conform to the provisions of H.R. 5580 which prohibits increasing U.S. inventory levels solely to carry out the terms of any cross-servicing agreement. U.S. materiel contributions to WRSA are resourced primarily by enabling legislation under the provisions of Section 514 of the Foreign Assistance Act and minimally by appropriated funds. Such contributions are based on shortfalls remaining after available and projected ROK assets are considered.

There is no improvement in or degradation of reported war reserve sustainability due to additions or drawdowns in support of allies.

U.S. taxpayer dollars are not being spent to buy war reserve for improvements in allied sustainability in NATO. A basic tenet of the NATO alliance is that logistics support is a national responsibility.

NUCLEAR PARITY

Senator **Levin**. General Mahaffey, your statement on page 3 says: "Under the present conditions of rough nuclear parity (at least quantatively), the burden of deterrence will shift toward modern conventional forces...." I agree with you, which is why I think our defense budgeting priorities ought to concentrate much more on improving our conventional forces, especially the Army. Upon what calculations did you base your assessment of "rough nuclear parity (at least quantatively)?" Please provide more details for the record especially if the Army has done any special studies on this issue of the nuclear balance.

General **Mahaffey**. The Army does not have any special studies addressing the nuclear balance. We do participate in JCS and OSD evaluations and net assessments of the RED/BLUE nuclear and conventional balance. The CJCS Posture Statement (fiscal year 1986) succinctly states the essence of these assessments: "In this period of rough nuclear parity between the United States and the Soviet Union, conventional military forces have become increasingly important."

Questions Submitted by Senator Carl Levin

IS BUDGET UNDERFUNDED

Senator **Levin**. The 6.5 percent real growth rate—was that just the Army average or is that what is the overall annual DOD average? Our staff indicates the *requested* DOD budget is at the 6.5 percent average annual real growth level.

What is now the Army fiscal year 1986-1990 average for annual real growth? Did the Army have to reduce its real growth rates in each year more than did the Navy and Air Force; was this at the direction of the Office of the SecDef?

Provide the annual real growth for each year for the Army in the fiscal year 1986-1990 program, compared with what was in the Army POM submission to OSD.

General **Mahaffey**. A breakout of the Military Departments' real growth figures from fiscal year 1984 to fiscal year 1986 follows:

	Percent real growth fiscal year 1984-85	Percent real growth fiscal year 1985-86
Army	4.3	5.6
Navy	6.5	4.5
Air Force	5.7	5.8
Total DOD	6.1	6.0

The Army's fiscal year 1985 President's Budget requested 10.2 percent real growth. As a result of the Rose Garden agreement, that real growth was reduced to 6.5 percent. The final DOD Appropriations Act gave the Army growth of 4.3 percent. Reflecting the economic realities of fiscal year 1986, the fiscal year 86 budget requests only 5.6 percent real growth.

The Department's 5-year program is, by its nature, a constantly changing document reflecting changes in economics and policy. The program currently is undergoing revision by the Army and has not yet been reviewed by the Office, Secretary of Defense.

FLYING HOURS

Senator **Levin**. You discuss flying hours and say they have increased. However, the OSD O&M Overview for fiscal year 1986 report says that the Army will not reach its required number of monthly hours per combat crew until fiscal year 1988. Information I have received indicates that the Army still will be 76,000 hours short for its Cobra attack helicopter crews and 111,000 hours short for its OH-58 helicopter crews. Total fiscal year 1986 shortfall is 236,000. Can more of that shortfall be eliminated by additional funds in fiscal year 1986 or are spares unavailable?

General **Mahaffey**. Procurement and acquisition lead times of two years for spares means that additional funds in fiscal year 1986 would not affect an increase in flying hours until fiscal year 1988. The fiscal year 1986 funding program for spares will meet the Army's requirement for flying hours in fiscal year 1988. The Army has taken the necessary measures to insure spares availability to support the existing fiscal year 1986 flying hour program and to continue to improve our aviation war reserve stocks.

Senator **Levin**. The projected fiscal year 1987 shortage is 77,000 flying hours. How much money can be added to the fiscal year 1986 budget to eliminate that shortfall?

General **Mahaffey**. The addition of funds to the fiscal year 1986 budget will not reduce the flying hour shortage in fiscal year 1987 because of the two year procurement and acquisition lead time for spares.

OTHER SHORTAGES

Senator **Levin**. On page 31 you discuss other shortfalls in Army readiness, especially in war reserves and POMCUS, including ammo, consumable repair parts and cold weather clothing. Where else specifically, not just in POMCUS do shortages exist in the O&M and readiness parts of the Army Budget. In priority order tell us how much could be added to the fiscal year 1986 Budget for how many of the items to reduce the top ten shortage categories by 10 percent? 20? 30?

General **Mahaffey**. Equipment shortages exist in units as well as in POMCUS. Shortages of items affecting readiness in units include armored personnel carriers, recovery vehicles, communications and electronics equipment, cargo trailers and other support equipment not managed by a separate budget line item (<$900k). The Army's fiscal year 1986 Budget contains provisions for for alleviating some of the shortages in those items listed above. If approximately $330 million in procurement funds could be added to the fiscal year 1986 Budget, the following top priority items affecting readiness in units could be procured.

	Quantity	Millions
Forklifts, RT 6K	110	$11.7
Items < $900K	-	31.5
APC	75	19.1
Semitlr 5000 gal	227	16.8
Tlr 3/4T	563	.2
Tractor, Low Speed	229	66.0
Items < $900K	-	50.0
Generators, various types	-	50.0
SINCGARS	500	70.6
Night Obs Devices	300	12.5
Total		328.4

If $33, $66 or $99 million in procurement funds could be added to the Army's fiscal year 1986 Budget, a 10, 20 or 30 percent reduction could be made to the top priority shortages listed above. Items and quantities that could be bought would be dependent upon our ability to execute a balanced program. Although these items are not procured with O&M funds, they are directly related to the readiness of our units. A $300 million Readiness Improvement Package addressing O&M shortages was appropriated by Congress in the fiscal year 1985 Budget, but has yet to be authorized.

Senator **Humphrey**. The subcommittee is adjourned.

[Whereupon, at 4:15 p.m., the subcommittee recessed subject to call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, MARCH 14, 1985

U.S. SENATE,
SUBCOMMITTEE ON PREPAREDNESS,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

NAVY AND MARINE CORPS OPERATION AND MAINTENANCE

The subcommittee met, in open session, pursuant to notice, at 2:05 p.m. in room SR-232A, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey, Dixon, and Glenn.

Staff present: Ronald P. Kelly and David S. Lyles, professional staff members: Patricia L. Watson, research assistant; and Lisa M. Tietge, staff assistant.

Also present: DeForest Hamilton, assistant to Senator Denton; Charles C. Smith, assistant to Senator Dixon; and Phillip P. Upschulte, assistant to Senator Glenn.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator HUMPHREY. Good afternoon. The subcommittee meets today to receive testimony from the Navy and the Marine Corps on the O&M budget and readiness matters in general.

Senator DIXON. I have a statement here. I will put it in the record if it is all right with the Chair.

Senator HUMPHREY. Yes, in the record.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT OF SENATOR ALAN DIXON

Mr. Chairman, I join you in welcoming the witnesses to the subcommittee this afternoon.

With their worldwide commitments and daily operating presence around the globe, the Navy faces some of the toughest peacetime logistical and operational problems of all of the services. As Commodore Riendeau noted in his prepared testimony, proper funding of the operation and maintenance accounts is a very critical element in the Navy's ability to control the sealanes and keep the peace.

Mr. Chairman, judging from the prepared testimony of the witnesses today, there are already some areas of their O&M requests that are underfunded. As we sharpen our pencils over the next several weeks, I hope we can find ways to cut cost in all of the O&M accounts without hurting important readiness and sustainability efforts.

I look forward to the witnesses testimony. I will have questions for the witnesses after they have given their statements.

Senator HUMPHREY. Would you proceed, Commodore Riendeau?

STATEMENTS OF LT. GEN. G.B. CRIST, U.S. MARINE CORPS, DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS AND QUARTERMASTER GENERAL OF THE MARINE CORPS; AND COMMODORE G.L. RIENDEAU, U.S. NAVY, DIRECTOR, OPERATIONS DIVISION, OFFICE OF BUDGET AND REPORTS, ACCOMPANIED BY COMMODORE EDWARD W. CLEXTON, JR., U.S. NAVY, DIRECTOR TOTAL FORCE, FLEET OPERATION AND READINESS DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS; AND ROBERT STOREY, DEPUTY TO COMMODORE RIENDEAU

Commodore RIENDEAU. Yes, sir.

I have a prepared statement, Mr. Chairman, and I would request that you include it in the record.

Senator HUMPHREY. Yes, it is in the record. They are all in the record. Thank you for sending them earlier. I have read them all. Thank you.

Commodore RIENDEAU. It is difficult for me to summarize all the various functions that are funded by operation and maintenance appropriations. There are many that I know you are aware of, primarily the streaming and flying hour program, fuel, spare parts, and repair of equipment.

READINESS AND SUSTAINABILITY

I would like to open my statement or open the testimony this afternoon by reviewing with you some of the readiness and sustainability improvements that we have, and I would mention with the very strong support of this committee, the achievements that we have seen over the past 4 years.

As you will recall, many of our readiness indicators 4 years ago were down and were going in the wrong direction, and I will give you some examples of what I mean. Personnel readiness was down. We had ships then that were unable to safely go to sea due to manning shortages.

In 1981 we had 25 percent of our aircraft squadrons that were not combat-ready. We had 13 percent of our ships in the same category. We had a shortfall of approximately 22,000 middle grade petty officers. We had a backlog of 16 ships for overhaul. Our overall ship and aircraft readiness indicators were down.

Aircraft procurement was not staying abreast of aircraft attrition in that year. Weapons were in very short supply. Cannibalization actions—that is, maintenance actions to take parts from one piece of equipment and install them in another—were at an all-time high. We had a backlog of aircraft depot maintenance of 322 airframes and approximately 900 engines.

In short, we were not really in very good fighting condition. Today, I am happy to report to you that we have many, many readiness areas that are going right. You have supported us well in providing the necessary funding increase required to carry out these vital readiness functions.

By the same token, we have attempted to become the best stewards of your dollars. We have carefully examined our maintenance procedures to determine if we could reduce the cost of maintaining our weapons and to improve our readiness posture.

We did. We implemented an aircraft service period adjustment which across the FYDP saved us large amounts of money by extending the periods between engine rework based on engineering analysis.

In our engine programs, called our EAMP program we did the same thing. We went into the engines to find out which parts failed and at what level of maintenance could that maintenance be done. We found that we could move a lot of engine maintenance from the overhaul, the expensive overhaul, to the intermediate maintenance activities at the air stations, saving us—actually providing us large cost avoidances.

We went into phased maintenance programs in certain of our ship classes. We implemented that with the base line overhaul, so we knew what the overall condition of the ship was, and those ships will never see overhaul again. They will see a phased maintenance program similar to our selective restricted availabilities. We see two things coming from that, and that is less expensive overhaul—or less expensive maintenance and more availability.

We used the engineering extended operating cycles on our submarines. In some cases we doubled the time between overhauls. And you know the cost of overhauling a submarine. You are aware that we ended up with tremendous cost avoidances for us.

And we have moved several of our other hull types into our selected restricted availability program. Those ships are on extended operating cycles to reduce the number of overhauls, and we have interspersed between overhauls these lesser depth availabilities. It is too early at this point to really know what kind of savings we'll get from that, but just instinctively we know that there are savings.

We have taken similar steps to get more for our procurement of spares dollars, to improve readiness and sustainability. You are aware of our BOSS Program, our Buy Our Spares Smart Program. This is where we have put assets to better oversight and material control, better control of our inventories, and better procurement practices.

We have improved competition for spares whenever we can, and as you know some of those are a little difficult to get on a competitive basis, but we are working as fast as we can in that direction. And of course, we have assigned Commodore Platt as our competition advocate to see that we are following your guidance in competition wherever we can.

As a result of these and other improvements, plus the improved funding, I have some good statistics at this time. Our ship overall readiness is up 60 percent. Our aircraft readiness is up over 250 percent. Ship personnel readiness is up 70 percent, and aircraft squadrons are up 100 percent. Aircraft squadron material readiness is up over 40 percent, and our ships are up over 30 percent.

RECRUITING GOALS

We have been making 100 percent of our recruiting goals and our retention at this time is at an all-time high. And I should point out here, Mr. Chairman, that that is probably the most significant improvement we have seen over the years. When you can save the good sailor, you get a lot more mileage out of your dollars, and I think that we have seen improvements across the board because of improved manning.

I can name more improvements, but I believe what I have just mentioned are representative of our overall improvements. And I would like to add that, while seeing these improvements, we have also seen an increase in ships level of 50 ships and increase of 19 aircraft squadrons. So we have not been static in our force building. Yet we have been able to make improvements across the board.

Now, getting specifically to the operation and maintenance budget request for 1986, which is $25.797 billion. It sounds like a lot of money, but I would point out that it represents only two-tenths of a percent real program growth over fiscal year 1985.

While this is a low growth level, the request is sufficient to sustain the improvements in readiness which we have achieved since 1981. However, it is a tight budget and it is very sensitive to any perturbations. Even with a small reduction, there will be difficulty in maintaining our readiness figures that I have just given you.

For example, let me try to give you some idea of the potential impact of a reduction of 3 percent, which is a rather nominal amount to look at and one that has been voiced around. It is hard to be precise when you are speculating on reductions. However, let me present you a couple of looks at it to give you some feeling for the magnitude of that sized reduction.

First, I will assume that reductions would be spread across all budget activities evenly. In that situation, we would see an increase in depot level maintenance backlog by about $176 million. It would give us an approximately four ship overhaul backlog versus the one that we have now; increasing aircraft overdue for maintenance from 17 to 42 airframes, to a level where grounding of aircraft might become a reality; decreasing the number of engines reworked by 66, and increasing the backlog to 167, going in the direction that we just came from.

It would involve a decrease of ships OPTEMPO from 29 days nondeployed and 50.5 days deployed to 27 days and 47 days respectively. Our primary mission readiness would decrease. These reductions would cause a dramatic impact on our ability to meet contingency operations, like we had to deal with last year.

If we are to have the same 3 percent reduction while protecting these critical programs, then the percentage of reduction in other areas would be proportionately greater. If we were to protect flying, steaming, depot maintenance, and other fixed costs, it would look something like this. The backlog in real property maintenance and repair would increase by $70 million, a serious setback to a program we have chronically underfunded over the years.

Training would be reduced in several areas. Pilot training would decrease by 12.5 percent, which would prevent us from properly crewing up our new fleet squadrons. There would be a decrease of nearly 200,000 entrants in specialized skill training courses, which will seriously degrade our ability to properly maintain the equipment while deployed.

There would be a reduction of 37 percent in in-patient medical care and out-patient visits for retired personnel and dependents of our retired and deceased personnel. There would be a reduction of nearly $350 million in logistics programs intended to improve design and performance of our current and future weapons systems.

Mr. Chairman, I appreciate this opportunity to present the Navy's operation and maintenance budget today and to discuss some readiness improvements. I would be pleased to answer any questions you may have, sir.

[The prepared statement of Commodore Riendeau follows:]

PREPARED STATEMENT OF COMMODORE GERALD L. RIENDEAU, U.S. NAVY, DIRECTOR, OPERATIONS DIVISION, FISCAL MANAGEMENT DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

I appreciate the opportunity to appear before you today to present the Navy's fiscal year 1986 budget request for the Operation and Maintenance appropriations.

Before discussing the details of the fiscal year 1986 Operation and Maintenance budget request. I would like to emphasize the basic objective which these appropriations support—the attainment of readiness while maintaining the level of support necessary to meet our global responsibilities. Proper funding of operation and maintenance is the critical element in our ability to control the sealanes and preserve the peace. In recognition of the overall budgetary and economic concerns facing our nation this year, we have stringently reviewed all requirements and we have carefully balanced our resources between readiness, sustainability, modernization and force structure, in order to achieve our national commitment of maritime strength in key ocean areas in conjunction with our allies. The steady course the Congress has helped set to rebuild the Navy, following the declines experienced in the 1970's must be maintained. With your full support, we will have made great progress in reestablishing our maritime strength so vital to America's security.

In fiscal year 1986, as in past years, we have placed great emphasis on fleet readiness, with increases to support higher force levels and prescribed readiness training. We are acutely aware of the strong competitive demand for the nation's limited resources and have based our fiscal year 1986 budget request on a careful and thorough assessment of the most economic and efficient means to achieve our common objectives. Chart 1 displays the composition of the Navy fiscal year 1986 President's Budget Request, by appropriation category, with obligational authority for operation and maintenance comprising more than one-quarter of the Departmental total.

CHART 1.—DEPARTMENT OF THE NAVY FISCAL YEAR 1986 PRESIDENT'S BUDGET REQUEST

Appropriation category	Fiscal year 1986 request (millions)	Percent of total
O&M	$28,481	27.2
Milpers	24,082	23.0
Procurement	37,430	35.7
Research and Development	11,264	10.7
Construction	2,137	2.0
Family housing	723	.7
Stock funds	759	.7
Total, DON	104,877	100.0

The operation and maintenance appropriations finance the day-to-day operation of forces located in the United States and around the world, and supports those operations which have the most direct and immediate impact on the current readiness of the Navy. Chart 2 displays the total Department of the Navy Operation and Maintenance request of $28.5 billion, an increase of $0.6 billion over the fiscal year 1985 current estimate.

CHART 2.—APPROPRIATION SUMMARY, FISCAL YEAR 1985 AND FISCAL YEAR 1986

[Dollar amounts in millions]

Appropriation	Fiscal year—		Dollar change
	1985	1986	
O&M, N	$25,335	$25,798	+463
O&M, MC	1,651	1,667	+16
O&M, NR	829	955	+126
O&M, MCR	59	62	+3
Total, O&M	27,873	28,481	+608

The appropriation requests include operating funds for 555 deployable battle force ships, 111 strategic sealift ships, 4,982 average operating aircraft (including Navy, Marines and Reserves), 4 Marine divisions, and a network of shore installations and commands. Naval forces, operating under the control of the unified and specified commanders, deploy globally and represent a fully ready combat force in being, available on short notice for employment in support of our national policy throughout the world.

OPERATION AND MAINTENANCE, NAVY

Chart 3 displays the Operation and Maintenance, Navy request of $25.8 billion, which is $0.5 billion above the current fiscal year 1985 estimate of $25.3 billion. Our fisal year 1986 request supports increased Navy operating forces, including program increases in Trident operations, aircraft operations (including Marine aircraft), fleet outfitting, and weapon systems support. Additionally, it will finance the total spectrum of increased activity within the Navy support establishment. The budget request reflects the impact of transition of the management of aviation depot level repairable secondary items from the Appropriations Purchases Account (APA) to the Navy Stock Fund (NSF), which will be effected on 1 April 1985; transfers of funding responsibility totalling $210 million associated with proposed revisions effective in fiscal year 1986 to the Department's expense/investment criteria; and the Administration's proposed 5 percent decrease in civilian pay rates, effective in January 1986.

CHART 3.—OPERATION AND MAINTENANCE, NAVY

[In millions of dollars]

	Fiscal year—			
	1984	1985	1986	1985–86
Strategic forces	$1,844.2	$2,257.3	$2,068.4	−$188.9
General purpose forces	10,150.0	11,943.5	11,990.2	+46.3
Intelligence and communications	1,046.1	1,124.1	1,124.1	+.1
Airlift and sealift	315.9	641.8	787.3	+145.5
Central supply and maintenance	5,988.4	6,303.3	6,538.6	+235.3
Training, medical, and other general personnel activities	1,988.7	2,351.7	2,519.3	+167.6
Administration	651.3	710.6	767.2	+56.6
Support to other nations	2.4	2.5	2.5	0
Total, O&M, N	21,986.9	25,334.7	25,797.7	+463.0

The fiscal year 1986 budget request for Strategic Forces includes increased funding for support of Trident submarines due to the initial deployments of USS ALABAMA and USS ALASKA. There will be two fewer strategic ships overhauled in fiscal year 1986.

The increase in funding for General Purpose Forces is generally limited to Navy and Marine Corps flying hours. A total of six new squadrons will stand up in fiscal year 1986 including two F/A-18 squadrons, three SH-60B LAMPS MK III squadrons, and one EA-6B squadron. Additionally, three squadrons will transition from the F-4 and the A-7 to the F/A-18. A total of 1,440 thousand hours are budgeted to allow Navy and Marine Corps aircrews to maintain proficiency to conduct aircraft operations at 87 percent Primary Mission Readiness, including a 2 percent contribution by simulators. Ship operating tempo is budgeted to remain level with fiscal year 1985 at 29 days per quarter for the non-deployed fleets and 50.5 days per quarter for the deployed fleets. Additional operational ship-months are budgeted in fiscal year 1986, reflecting a net increase of eight active battle-force ships. Due to added emphasis on selected, restricted and phased maintenance availabilities, eighteen fewer ship overhauls are budgeted for General Purpose Forces in fiscal year 1986. This change in emphasis will provide increased operational availability of the Navy's limited ship assets to the Fleets without increasing maintenance costs.

Program growth in Intelligence and Communications relates to increased levels of effort for design, engineering, installation and maintenance of telecommunications and encryption equipments, additional leased circuit requirements, increased levels of oceanographic environmental prediction support and a proposed revision to expense/investment criteria which results in an increase to O&M requirements. This growth is partially offset by termination of the GAPFILLER Fleet Satellite Communications System. Other program details are classified.

During fiscal year 1986, 5 dry cargo ships currently supporting the 7th Marine Amphibious Battalion will be withdrawn from the Prepositioned Depot Ship program and be replaced on station by the second Maritime Prepositioning Ship squadron. In addition, the final increment of three MPS ships will deliver and be prepared for deployment in fiscal year 1987. Additional ships will be placed in the Ready Reserve Fleet, replacing some older ships by the end of fiscal year 1986.

Central Supply and Maintenance programs provide supply, maintenance, technical, and other logistic and acquisition management support to the operating forces. The funds budgeted in fiscal year 1986 for depot level maintenance reflect efforts to improve readiness and to support the growing population of major weapons systems and equipment. Also included is the full-year transition of component rework funding responsiblity to the Navy Stock Fund as part of the Navy aviation depot level repairable program. The Aircraft Rework program also reflects cost avoidances consistent with intitatives recommended by the President's Private Sector Survey on Cost Control task force. The implementation of the Aircraft Service Period Adjustment program, for example, has resulted in the deferral of 527 airframe reworks during the period from fiscal year 1984 through fiscal year 1986, and resulted in cost avoidances of almost $200 million in the O&M accounts. Additional personnel are budgeted in fiscal year 1986 to improve physical inventory procedures and to support the Buy Our Spares Smart program. These efforts have been accelerated as a result of recommendations made by the President's Private Sector Survey on Cost Control task force. Additional personnel have also been added to improve physical security at Navy activities. Increased funding has also been provided for items such as preservation and upgrade of the Inactive Fleet, inactivation of three SSNs, increased support of AEGIS ships coming on-line, technical support for shipboard non-tactical ADP equipment, purchase of chemical and biological protection equipment, and electronics equipment. The fiscal year 1986 request reflects funding related to the proposed revision of the expense/investment criteria and funding to support the Environmental Restoration program, which was financed in another defense account in fiscal year 1985.

Training, Medical and Other General Personnel Activities provide training and education, medical care, and related support to naval personnel. Training increases are required for upgrade and annualization of the cost share transfer from the Department of Energy for nuclear power plant operation instruction; annualization of the flight training T-2C maintenance contract and Undergraduate Naval Flight Officer/Technical Support Upgrade for contractor flight services; pilot training rate increases; annualization of the aviation depot level repairable resources in flight training; transfer of TH-57A contract material support from the Naval Air Logistics Command; increased support for contractor operation and maintenance of simulators supporting surface warfare training; increased support for training equipment operation, maintenance, and installation; and the transfer from OPN related to revision of the expense/investment criteria. Growth in Medical Support provides for additional clinical workload in Naval Medical Facilities which will improve wartime casualty care and will permit absorption of workload during peacetime that would otherwise result in a requirement for more expensive CHAMPUS funding as military strength increases. This strength change will also result in an increased workload at Civilian Operated Uniform Services Treatment Facilities. Other increases provide for additional training for medical personnel, wartime bed expansion to bring hospitals up to maximum bed capacity, and assumption of manpower costs related to the Tri-Service Medical Information System (TRIMIS) funded through fiscal year 1985 by the TRIMIS Program Office. Increases in General Personnel Activities reflect funding requirements for: per diem for less than 20 weeks training as training requirements grow in consonance with the planned personnel strength increases; recruiting and advertising to meet quality requirements in view of a reduced youth market; a health and physical fitness program to improve personnel fitness, a Veterans Administration estimate of a cost increase under the Veterans Educational Assistance program; and an increase in the Tuition Assistance program resulting from increased member participation.

Administration and Associated Activities include funding for staff offices of the Secretary of the Navy and the Chief of Naval Operations and provides service-wide support in the financial, legal, and personnel areas. Increases are primarily for development and support of military manpower and personnel systems; complete implementation of the Navy Manpower Engineering Program to achieve the Secretary of the Navy's goal of 100 percent of the shore establishment covered by staffing standards by December 1985; full-year implementation of the aviation depot level repairable stock funding initiative; and a transfer from OPN related to the proposed revision of the expense/investment criteria.

OPERATION AND MAINTENANCE, NAVY RESERVE

The Operation and Maintenance, Navy Reserve fiscal year 1986 request of $954.5 million is $125.7 million above the fiscal year 1985 appropriation of $828.8 million. Of the increase, $17.7 million is a transfer of funding responsibilities associated with proposed revisions effective in fiscal year 1986 to the Department's expense/investment criteria, and $57.6 million provides for the impact of stock-funding of Aviation Depot Level Repairables on the O&M,NR appropriation. Price growth is a negative $22.1 million due primarily to decreased fuel and other stock fund prices and a 5% reduction in civilian pay. The remaining $72.5 million is a summation of program increases and decreases throughout the appropriation which are necessary to support more modern reserve forces and a higher Selective Reserve strength.

The appropriation consists of three budget activities: (1) Mission Forces; (2) Depot Maintenance; and (3) Other Support. In fiscal year 1986, Mission Forces provides for the operation and maintenance of 39 Naval Reserve Force ships with 37,302 underway steaming hours and for an average of 621.5 operating aircraft with 242,525 flying hours. Also included in Mission Forces is funding for 6 regular ship overhauls, 6 phased maintenance availabilities, 3 selected restricted availabilities, as well as intermediate level maintenance of ships and combat craft, operation of Surface Support Forces, overhaul and modernization of ship equipment and related support, operation of Special Combat Forces, and fleet operational support of NRF ships. Depot Maintenance, Budget Activity 2, provides support for the reserve aircraft rework program and for intermediate and depot level aircraft maintenance. The fiscal year 1986 aircraft rework program includes funding for 157 airframe and 252 engine reworks. Other Support, Budget Activity 3, encompasses support for various command and administrative activities in addition to funding the headquarters in New Orleans and Washington, D.C. Other Support includes funding to operate and maintain 6 air stations, 2 air facilities, 16 readiness commands, 1 Naval Support Activity, as well as 256 minor installations supporting Naval Reserve Forces. Significant changes in several program areas displayed in chart 4 are discussed below.

CHART 4.—OPERATION AND MAINTENANCE, NAVY RESERVE

[in millions of dollars]

	Fiscal year—			
	1984	1985	1986	1985–86
Air Reserve Force	213.3	285.1	322.3	+37.2
Surface Support Force	6.9	8.8	13.1	+4.3
Ship operations	40.5	43.6	45.9	+2.3
Ship maintenance	97.4	133.6	162.8	+29.2
Aircraft rework	104.0	148.8	165.6	+16.8
Contractor technical engineering services	8.3	7.1	12.3	+5.3
Base operations, MRP and management headquarters	171.4	192.8	206.8	+14.0
Recruiting and advertising	[1] 6.7	8.8	17.1	+8.3
Other	–18.0	.2	8.6	+8.4
Total, C&M, NR	623.8	828.8	954.5	+125.7

[1] Fiscal year 1984 funding shown for information. Funded in O&M,N prior to fiscal year 1985.

The increase in the Air Reserve Force program is attributable to stock-funding costs of $128 million for Aviation Depot Level Repairable items within this appropriation. Program growth in the Naval Air Reserve Force supports increasing numbers of F/A-18, F-14A, SH-2F, F-4S and A-7E aircraft which are offset by a reduction in the average operating numbers of F-4N and A-7B aircraft.

The increase in Aircraft Rework results from $30 million budgeted for installation of modernization kits on F-14A aircraft, $6 million associated with the stock-funding of Aviation Depot Level Repairables, and $2 million in price growth. A decrease in engine rework requirements, airframe modifications, and field modifications result in partial offsets of $22 million.

The increase in ship operations reflects an increase of 4 FFG-7 class and 3 ARS-38 class ships in the Reserve program, which is offset by the decommissioning of 1 MSO ship and 1 ARS-7 class ship. Shipyears of 35.8 in fiscal year 1985 and 35.6 in fiscal year 1986 remain about level because of ship phasing schedules.

The Naval Reserve ship maintenance program grows in fiscal year 1986 as the scheduled maintenance programs continue to increase in support of the growing number of NRF ships.

Base Operations continue to grow as the Naval Reserve improves its management and support for the growing Selected Reserve which increases from an average SELRES strength of 123,900 in fiscal year 1985 to 134,400 in fiscal year 1986. Beginning in fiscal year 1985, the Commander, Naval Reserve Force assumed the financial responsibility for recruiting Naval reservists from the Navy Recruiting Command. Recruiting and advertising increases in fiscal year 1986 to build higher SELRES and TAR strength levels.

The increase in "Other" listed on Chart 4 is primarily due to accounting transactions to reflect the fiscal year 1985 fuel price stock fund rebate.

CIVILIAN MANPOWER

Civilian manpower comprises a vital segment of the Department of the Navy's manpower resources, with the majority being directly related to our readiness posture. End strength levels for DON civilians are shown below in chart 5.

CHART 5.—CIVILIAN MANPOWER SUMMARY

	Fiscal year—			
	1984	1985	1986	1985-86
Total, Department of the Navy	342,082	338,991	340,799	+1,808
Navy	320,573	317,270	318,975	+1,405
Marine Corps	21,509	21,721	22,124	+403

The fiscal year 1984 end year estimate reflects the actual on-board as of 30 September 1984. The fiscal year 1985 end year level reflects the DON best estimate of civilian resources required to execute funded programs and is consistent with congressional direction that during fiscal year 1985, the civilian personnel of the Department of Defense not be managed on the basis of any end-strength constraint or limitation.

The fiscal year 1986 end year estimate represents the manpower level which balances the civilian work force with workload. The fiscal year 1986 level of 340,799 represents an increase of 1,808 above the fiscal year 1985 level. This net increase reflects workload related adjustment at industrial fund activities and increases at a number of non-industrial fund activities with a direct bearing on readiness, improved integrity in the procurement process, and physical security.

The following table summarizes the changes included in the fiscal year 1986 estimate:

Fiscal year 1985 estimate	338,991
Physical security	+551
Civilianize military billets	+456
Procurement/facilities oversight	+637
Marine Corps operations and support	+403
Shipyard staffing (excludes physical security)	−1,721
Air rework workload	+605
All other	+877
Fiscal year 1986 estimate	340,799
(Net fiscal year 1985 to fiscal year 1986 change)	(+1,808)

Civilian staffing increases in fiscal year 1986 will result in increased physical security for bases and stations. It will also allow the placement of civilians into numerous positions currently filled by military personnel, thus allowing their diversion to more critical operational billets with a direct impact on readiness. Additional civilian positions will be dedicated to management and oversight of acquisition contracts, both for major systems and spares, thus improving the integrity of our procurement operations. Likewise, additional personnel will be available to oversee our growing military construction/facilities acquisition programs. Other adjustments have been incorporated in industrial activities to ensure that work force and workload are in balance. Manpower levels for aircrart maintenance have been increased in consonance with growing workload, while manpower levels for ship repair/overhaul and public works have decreased to match workload.

During fiscal year 1988 the Department is managing civilian employment under the terms of Section 501 of the fiscal year 1985 DOD Authorization Act and Section 8064 of the fiscal year 1985 DOD Appropriation Act which waives civilian employment end-strength controls for one year. These provisions allow more flexibility in setting our civilian employment levels, and allow the Department to execute its approved budgeted program in the most efficient economical way possible. The Department has demonstrated the benefits of the civilian ceiling waiver which prevailed in industrial fund activities in fiscal year 1983 and fiscal year 1984, and we anticipate similar demonstrable benefits for the general waiver contained in the two Acts.

The Department will continue to aggressively pursue manpower economy and efficiency initiatives that will allow it to make better use of its limited resources. Most of our efforts in this area are concentrated in the Commercial Activities (CA) and Efficiency Review (ER) programs. During fiscal year 1984, the Department conducted 142 CA cost comparison studies on 4,000 civilian positions, of which 1,800 were determined to be more cost effective when converted to contractor performance. The actual savings achieved through fiscal year 1984 have been incorporated in our budget estimates, and these actions will provide estimated annual savings of $13.0 million. The Department expects to continue to study about 4,500 positions per year over the next few years under CA. In accordance with congressional direction, no adjustments have been made for anticipated contracting out decisions. The ER program has been implemented to apply CA methods to those functions which are not suitable for contractor performance. The fiscal year 1986 manpower levels incorporate anticipated savings of 500 positions resulting from efficiency reviews, with cumulative savings of 1,600 positions.

It should be recognized that a majority of the civilian employees of the Department of the Navy are directly related to our readiness posture. Over half of the civilians work in industrial fund activities, which are primarily engaged in depot level maintenance and repair of ships, aircraft, and associated equipment. Many of the civilians employed at operation and maintenance activities such as supply centers, ship repair facilities, air station and Marine Corps bases are essential to readiness. The balance of the civilians provide essential support in functions such as training, medical facilities, engineering, development, and acquisition, which have a definite, although longer range, impact on readiness.

READINESS INDICATORS

Readiness indicators give us a way of summarizing the effect of budgetary changes on the Navy's ability to respond when called upon. The readiness goal is to provide for operation and support of our existing forces that will permit the Navy to respond when, where and at the level required. As I reported last year, we are clearly on course in our readiness improvements. The fiscal year 1986 budget request continues that course. The following charts depict budget indicators which reflect the same message of readiness improvement.

For ship operations, the fiscal year 1986 budget request decreases as a result of fuel price and other stock fund price decreases, while accommodating force changes and additional operating months. The fiscal year 1986 battle forces inventory includes increases of 21 ships, balanced by the transfer to the Naval Reserve or retirement of 8 ships. Deployed, non-deployed, and reserve coverage and OPTEMPO will continue at the fiscal year 1985 level however, down from fiscal year 1984 levels which included Lebanon and Grenada contingency operations, with carrier battle groups deploying in world-wide operating areas. Chart 6 displays the factors in fleet operating tempo.

CHART 6.—SHIP OPERATIONS TEMPO

[Operating days per quarter]

	Fiscal year—		
	1984	1985	1986
Active Forces:			
Deployed	60.0	50.5	50.5
Nondeployed	28.2	29.0	29.0
Reserve Forces	14.7	14.7	14.7

Chart 7 summarizes various categories of activity and levels of funding for maintenance and modernization of active ship forces. Included in the program is a decrease of 20 ship overhauls, offset by increases in phased maintenance and selected restricted availabilities, and extensive survivability, hull silencing, and weapons upgrade modernization. The overhaul backlog due to financial constraints is 1 in fiscal year 1986.

CHART 7.—ACTIVE FORCE SHIP MAINTENANCE AND MODERNIZATION

[In millions of dollars]

	Fiscal year—		
	1984	1985	1986
Ship overhauls	2,142.7	2,775.6	2,273.2
RA/TA	1,002.6	1,246.5	1,332.3
Modernization	1,053.8	1,409.1	1,544.9
Intermediate maintenance	312.6	360.5	388.7
Technical support	107.6	118.8	138.3
Outfitting	293.7	335.7	352.8
Berthing and messing	53.5	43.0	44.7
Inactivations (SALT)	44.7	0	0
Number of regular overhauls	53	55	35
Number of deferred overhauls	3	0	1

The flying hour program is budgeted for Primary Mission Readiness (PMR) of 87 percent in fiscal year 1986, an increase of 1 percent over the fiscal year 1985 level. Moreover, the flying hour program provides for 6 new active squadrons (2 F/A-18, 3 SH-60B, and 1 EA-6B) in fiscal year 1986.

CHART 8.—AIRCRAFT OPERATIONS

	Fiscal year—		
	1984	1985	1986
Primary mission readiness [1]	85	86	87

[1] Includes 2-percent simulators.

The readiness indicator used for aircraft material readiness is the Mission Capable (MC) rate. This budget reflects an increase in mission capable rate from 70 percent of fiscal year 1984 and fiscal year 1985 to 72 percent in fiscal year 1986 and a continued improved full mission capable rate. Decreases in component rework are due to the stock-funding of aviation depot level repairable components begun in fiscal year 1985 and implemented for the full year in fiscal year 1986.

CHART 9.—AIRCRAFT MAINTENANCE AND MODERNIZATION

[In millions of dollars]

	Fiscal year—		
	1984	1985	1986
Airframe rework	363.7	475.8	464.6
Engine rework	227.8	334.8	328.4
Component rework	1,082.3	689.0	70.5
Modification installation	231.7	312.4	351.8
Support services	44.7	54.4	32.1
Mission-capable rate (percent)	70	70	72

I now would like to focus your attention on improvements in several Navy warfare communities. I am pleased to report to you that SSBN force readiness, the Navy's contribution to the strategic triad, is being maintained at an extremely high level. Virtually all SSBNs and SSNs not in overhaul are combat ready.

Turning to general purpose forces, the readiness picture is equally promising. Overall combat readiness of these forces has steadily improved while at the same time force structure has increased significantly. The downward readiness trend of the 1970s has been reversed, and the number of ships reporting combat ready has increased steadily. Since 1981 the average number of forward deployed ships reporting themselves fully or substantially combat ready increased by two-thirds from 46 to 79 units. These improvements are largely due to the increased fiscal support provided by the Congress. This support has also permitted the Navy to procure sufficient numbers of repair items and stock them so as to increase time free of serious casualty reports by 58 percent. The support in personnel areas is also directly responsible for the reduction of ships reporting not combat ready for personnel reasons. In 1981, 13 percent of our ships and 25 percent of our aircraft squadrons were reporting themselves not combat ready as a result of personnel shortages. Today those percentages have dropped to less than one percent each.

Focusing now on naval aviation, our air squadron combat readiness has improved in every category since the beginning of fiscal year 1981. During the period October 1980 through October 1984, the number of squadrons reporting themselves not combat ready decreased from 55 to 1, and the number of squadrons reporting themselves fully or substantially combat ready increased from 20 to 100. Improvements in deployed squadron combat readiness are considered particularly gratifying; all squadrons now deploy from the continental U.S. combat ready. Budgetary actions in the fiscal year 1981—fiscal year 1984 timeframe affecting military compensation have had a positive effect on the retention of trained and experienced flight crews. Recently, however, retention rates have dropped, and we will need to take steps to arrest any further decline that may affect readiness in the future.

Aircraft material readiness, as measured by Mission Capable (MC) rates, is up nearly 20 percent since 1981. This reflects increased funding for component and engine rework, more spare parts, as well as better manning in the aviation maintenance ratings.

Supply readiness for ships has also significantly improved since 1981. Shortages of repair parts and threat ordnance, while not totally alleviated, are reaching manageable levels and are continuing to improve.

Munitions shortages still exist as a result of inadequate funding in the late 1970s. The need for supplies of newer, more sophisticated weapons is most critical; consequently, threat ordnance (e.g., torpedoes, cruise missiles, surface-to-air missiles, and air-to-air missiles) has received increased budgetary emphasis since fiscal year 1981. Due to a 2- to 3-year lag between funding and delivery, weapons bought with fiscal year 1982 and 1983 funds are beginning to arrive in magazines. The result today is more weapons in the bins (chart 10). Stocks are 5 percent to 60 percent larger today than in 1981, and some stocks will double by 1987 when weapons bought with fiscal year 1984 dollars are delivered. It will take until the end of the decade to reach most goals and will require continued congressional support for Navy munitions programs. A depiction of our progress in munitions procurement is contained in chart 10.

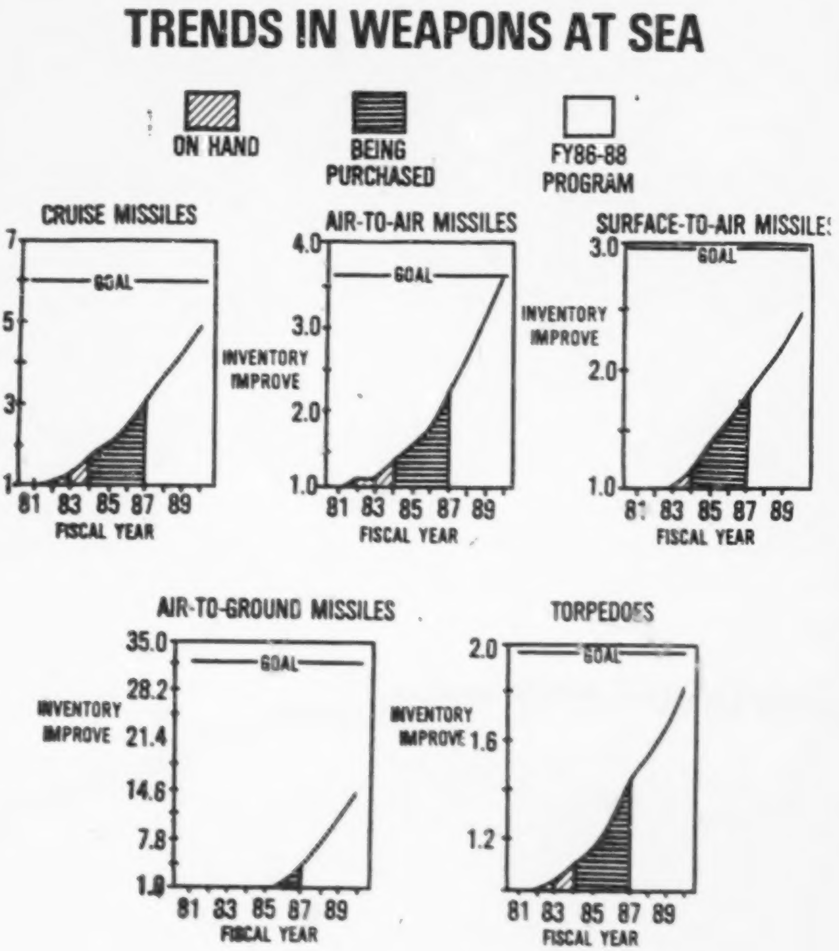


CHART 10

I appreciate this opportunity to describe the Department of the Navy's fiscal year 1986 operation and maintenance budget and today's battle force preparedness. This budget is part of the building effort to achieve the warfighting capability necessary to meet the threat. We have, with very limited real growth, improved readiness and sustainability while continuing our progress toward a 600-ship Navy.

Senator HUMPHREY. Thank you, Commodore Riendeau. Do you mind if we make your reading statement a part of the record likewise?

Commodore RIENDEAU. Fine, sir.

Senator HUMPHREY. General Crist?

General CRIST. Mr. Chairman, I provided a packet of charts to assist as I go through my overview.

It is certainly a privilege to appear before you and talk about the fiscal year 1986 Marine Corps operation and maintenance budget. At the outset, I would like to thank the members of this committee and the Congress for their unswerving support of our efforts to increase the military capability of the Marine Corps.

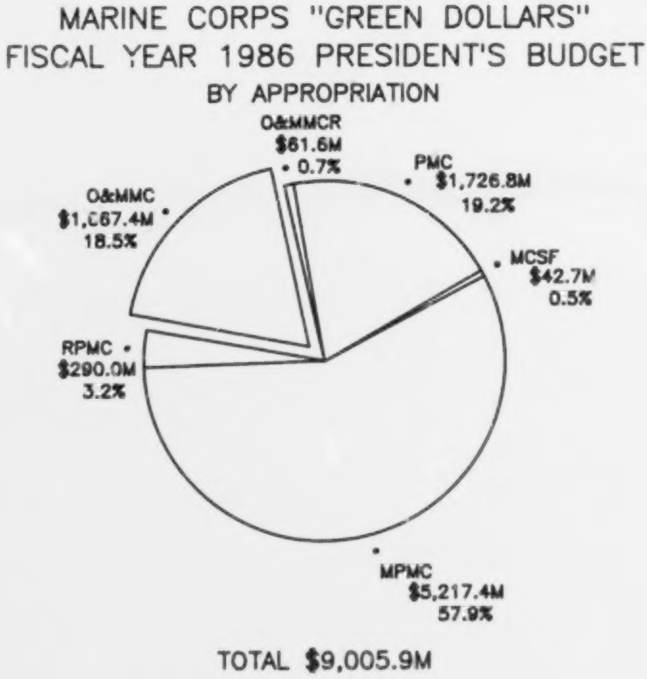


CHART #1

Chart 1, which you have before you, depicts the distribution between the six appropriations which make up the total Marine Corps budget request. As you can see, the O&M share is 18.5 percent; relatively unchanged from the 18.7 percent last year. It is, however, down considerably from 25.1 percent in fiscal year 1980.

I also should point out, while we are looking at this chart, that the Marine Corps budget is still manpower intensive. Sixty-six percent of the TOA is devoted to personnel costs, military, and civilian. Often in examining budget detail one tends to lose sight of the contribution these dollars make to military capability. Therefore, I would like to digress a moment to briefly talk about how this budget relates to readiness, sustainability, modernization, and force structure, the four pillars of military capability.

OPERATION AND MAINTENANCE, MARINE CORPS AND MILITARY CAPABILITY

READINESS 85%

- TRAINING
- MATERIEL
- PERSONNEL
- BASE OPERATING SUPPORT
- MARITIME PREPOSITIONING
- NORWAY PREPOSITIONING

SUSTAINABILITY 8%

- MATERIEL SUSTAINABILITY
- PREPOSITIONED WAR RESERVES
- SUPPORT ACTIVITIES

MODERNIZATION 6%

- OPERATION AND MAINTENANCE OF NEW EQUIPMENT
- INITIAL ISSUE OF EXPENSE-TYPE ITEMS

FORCE STRUCTURE 1%

- ACTIVATION OF NEW UNITS
- INCREASED MANNING OF CURRENT UNITS

CHART #2

As I lay it out for you on chart 2, readiness, for the Marine Corps, is perhaps the foremost pillar of military capability. As the first to fight, no matter what else, we must be ready now. Approximately 85 percent of this year's O&M request is directed toward readiness. I think this confirms once again that the O&M appropriation is indeed the readiness appropriation.

Whereas the first to fight and readiness are synonymous with the Marine Corps, the ability to continue the fight, once joined, is equally important. Almost 8 percent of the appropriation is devoted to sustainability.

Most of the fiscal year 1986 modernization programs, as you know, are a continuation of those which have been under way since fiscal year 1982. The O&M appropriation complements procurement by funding the cost tails associated with introduction of new equipment, as well as the initial issue of expense-type items. This year approximately 6 percent of the O&M budget will be in support of modernization.

Force structure captures the smallest allocation of funds. These are primarily related to the activation of new units and increased manning of current units.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BUDGET ACTIVITY SUMMARY

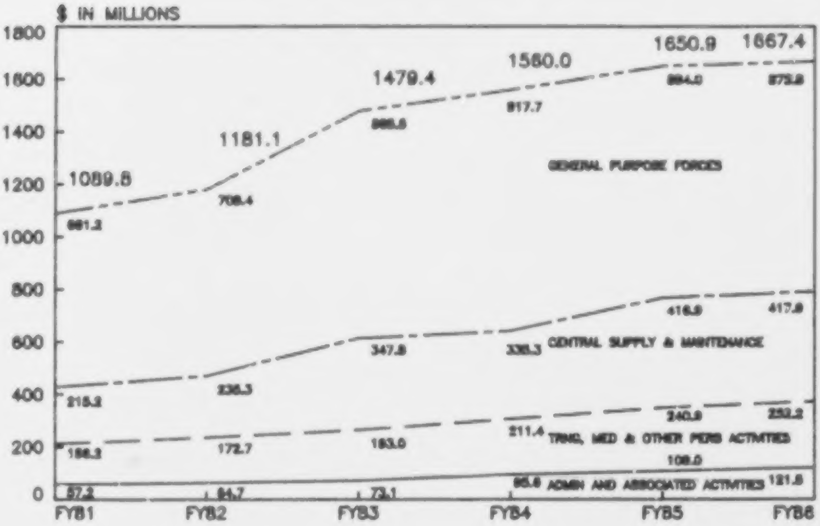
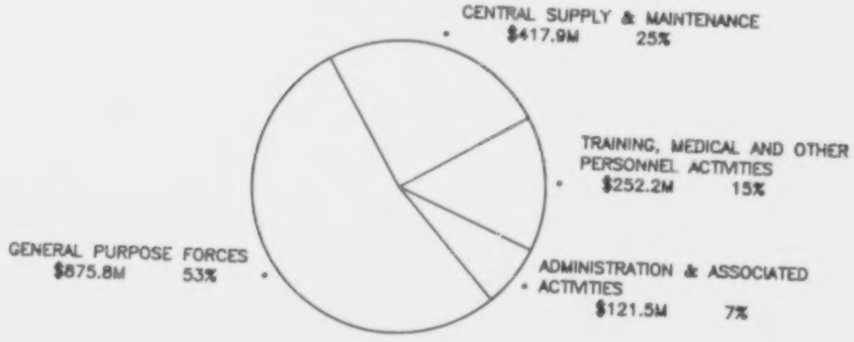


CHART #3

Looking at the details in the fiscal year 1986 budget and where we have been, chart 3 displays the trend in O&M funding since fiscal year 1981, stated in then-year dollars. The significant growth which you see that occurred between fiscal years 1981 and 1984 has now begun to level off.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BY BUDGET ACTIVITY



TOTAL $1,667.4M

BUDGET ACTIVITY	FY1985	FY1986	FY85-86 %GROWTH	%REAL GROWTH
GENERAL PURPOSE FORCES	884.0	875.8	−1.0	−5.0
CENTRAL SUPPLY & MAINTENANCE	416.9	417.9	+0.2	−4.0
TRAINING, MED & OTHER PERS ACTIVITIES	240.9	252.2	+4.7	+0.4
ADMINISTRATION & ASSOCIATED ACTIVITIES	109.1	121.5	+11.4	+6.8
TOTAL	1650.9	1667.4	+1.0	−1.3

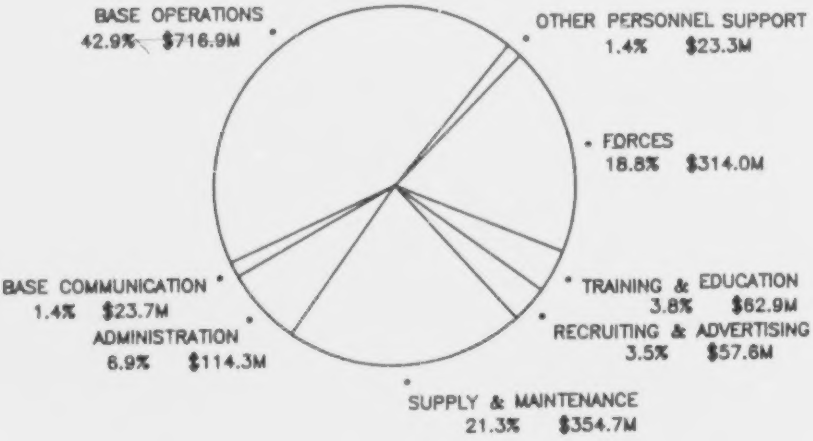
CHART #4

The fourth chart depicts the distribution of this year's request among the four budget activities. The percentages that you see for each have remained relatively stable since last year. As you can see, support to the Fleet Marine Force receives the majority of funding.

When compared to 1985, the 1986 request shows a 1.3 percent negative real growth. This year $15.3 million was moved from Procurement, Marine Corps, to O&M, Marine Corps. If one discounts this expense/investment migration, real growth in O&M would be a minus 2.2 percent.

This decline in real growth principally shows up in the General Purpose Forces and Central Supply and Maintenance. The 11.4 percent growth in administration includes $6.1 million for this expense/investment migration.

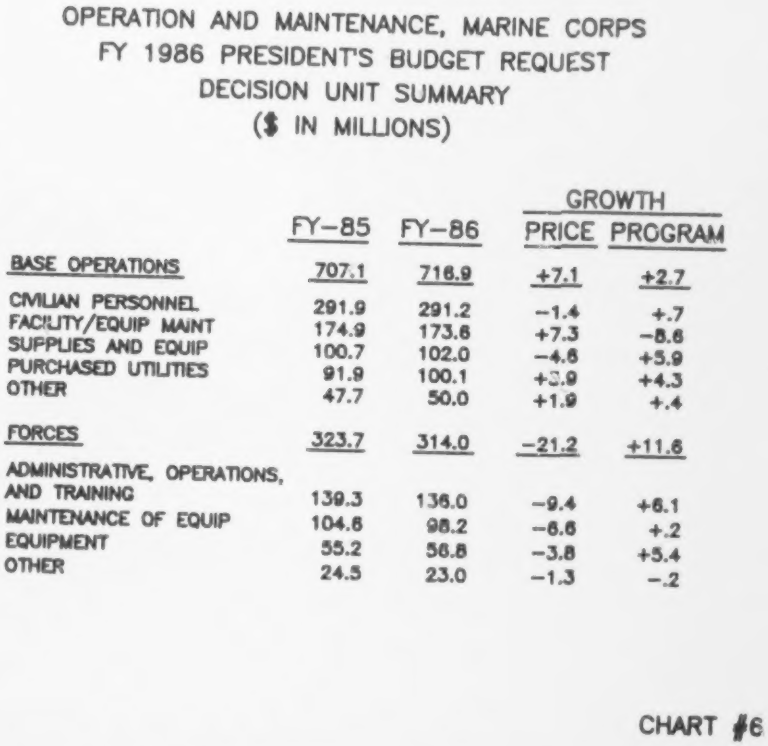
OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BY DECISION UNIT



TOTAL $1,667.4M

CHART #5

Chart No. 5 presents a different way to look at the budget. It is broken down by what we refer to as Decision Units, which provides a clearer picture of how we actually use the funds that are provided in the appropriation. I will briefly discuss each of these.



OPERATION AND MAINTENANCE, MARINE CORPS
FY 1986 PRESIDENT'S BUDGET REQUEST
DECISION UNIT SUMMARY
($ IN MILLIONS)

	FY–85	FY–86	GROWTH PRICE	GROWTH PROGRAM
BASE OPERATIONS	707.1	716.9	+7.1	+2.7
CIVILIAN PERSONNEL	291.9	291.2	–1.4	+.7
FACILITY/EQUIP MAINT	174.9	173.6	+7.3	–8.6
SUPPLIES AND EQUIP	100.7	102.0	–4.6	+5.9
PURCHASED UTILITIES	91.9	100.1	+3.9	+4.3
OTHER	47.7	50.0	+1.9	+.4
FORCES	323.7	314.0	–21.2	+11.6
ADMINISTRATIVE, OPERATIONS, AND TRAINING	139.3	136.0	–9.4	+6.1
MAINTENANCE OF EQUIP	104.6	98.2	–6.6	+.2
EQUIPMENT	55.2	56.8	–3.8	+5.4
OTHER	24.5	23.0	–1.3	–.2

CHART #6

On chart No. 6, Base Operations, which is shown at the top of the chart, comprises 42.9 percent of the total appropriation. It has remained basically level for the past few years.

Facilities and Equipment Maintenance includes increases of $3.6 million for minor construction and maintenance and additional facilities. This increase however was more than offset by a $12.3-million decrease in real property maintenance, which accounts for the minus $8.6 million growth that you see. As a result of this reduction, the Marine Corps has not achieved the desired level in backlog of maintenance and repair.

Forces line shows a net decrease of $9.7 million. This is primarily due to a reduction in Marine Corps Stock Fund prices of about 53.8 percent. The program increase that you see in Administrative, Operations, and Training reflects the addition of $7 million to exercise our first two Maritime Prepositioning Ships Squadrons, which will be operationally deployed and at sea in fiscal year 1986. That addition has been partially offset by the deletion of exercises for the Near-Term Prepositioning Force at Diego Garcia, which will be replaced by the second Maritime Prepositioned Squadron.

There is also an increase of $1.6 million in equipment as we invest in modernized individual clothing and equipment for our new units.

OPERATION AND MAINTENANCE, MARINE CORPS
FY 1986 PRESIDENT'S BUDGET REQUEST
DECISION UNIT SUMMARY (CONT)
($ IN MILLIONS)

	FY-85	FY-86	GROWTH	
			PRICE	PROGRAM
SUPPLY AND MAINTENANCE	357.1	354.7	+21.1	-23.5
EQUIPMENT MAINTENANCE	121.8	127.4	-3.9	+9.6
TRANSPORTATION OF THINGS	103.5	99.9	+.5	-4.1
INVENTORY CONTROL POINT	73.1	38.7	-2.4	-34.1
SUPPLY DEPOT OPERATIONS	44.2	51.2	-1.2	+8.2
OTHER LOGISTICS SUPPORT	24.8	22.7	1.0	-3.2
COMMISSARY	17.1	16.8	-.3	---
STOCK AND INDUSTRIAL FUND PASS-THROUGH	-27.4	0	+27.4	---

CHART #7

Looking at Supply and Maintenance on chart 7, the $23.5-million decrease in program growth is primarily due to reduced MPS requirements. As the Maritime Prepositioning Ships are fully loaded and sailing, funding requirement begins to decrease.

The $9.6 million increase that you see in Equipment Maintenance will allow us to maintain a depot maintenance zero backlog. The decrease in the transportation of things and the Inventory Control Point all relate to the decrease in MPS outfitting support.

OPERATION AND MAINTENANCE, MARINE CORPS
FY 1986 PRESIDENT'S BUDGET REQUEST
DECISION UNIT SUMMARY (CONT)
($ IN MILLIONS)

			GROWTH	
	FY-85	FY-86	PRICE	PROGRAM
TRAINING AND EDUCATION	63.1	62.9	-.2	-.1
TRAINING SUPPORT	41.1	40.9	+.9	-1.1
SPECIALIZED SKILLS	12.7	13.2	-.8	+1.2
RECRUIT TRAINING	5.6	5.0	-.2	-.4
PROFESSIONAL DEVELOPMENT	3.3	3.5	---	+.2
OTHER	.4	.4	---	---
RECRUITING AND ADVERTISING	53.1	57.6	+1.6	+2.9
RECRUITING	38.4	39.6	+1.0	+.1
ADVERTISING	14.7	18.1	+.6	+2.8
OTHER PERSONNEL SUPPORT	19.7	23.3	+.5	+3.0
OFF-DUTY EDUCATION	8.9	9.3	+.4	---
MC JROTC	3.1	3.2	+.1	---
OTHER	7.7	10.8	---	+3.0

CHART #8

Turning to chart No. 8, Training and Education for the Marine Corps remains relatively level. The $4.6 million increase in Recruiting and Advertising does includes $2.8 million more for advertising in order for us to maintain the high quality of Marine Corps accessions.

OPERATION AND MAINTENANCE, MARINE CORPS
FY 1986 PRESIDENT'S BUDGET REQUEST
DECISION UNIT SUMMARY (CONT)
($ IN MILLIONS)

			GROWTH	
	FY-85	FY-86	PRICE	PROGRAM
ADMINISTRATION AND ASSOCIATED ACTIVITIES	102.1	114.3	+.5	11.7
CIVILIAN PERSONNEL	53.8	55.1	-1.6	+2.9
OTHER CONTRACTS	18.4	22.8	+.7	+3.7
DISABILITY COMP/POSTAL	17.3	18.1	+.8	---
SUPPLIES, SERVICES, OTHER	12.6	18.3	+.6	+5.1
BASE COMMUNICATIONS	25.1	23.7	+.7	-2.1
PURCHASED COMM	13.9	14.3	+.6	-.2
CIVILIAN PERSONNEL	5.0	5.1	---	+.1
OTHER CONTRACTS	4.4	2.9	+.2	-1.8
ALL OTHER	1.8	1.5	---	-.3

CHART #9

Chart No. 9, Administration and Associated Activities, shows the highest program growth, and lets you draw the conclusion that our administrative overhead is dramatically increasing, I should quickly point out that half of this increase is attributable to a migration of $5.9 million from procurement, Marine Corps, that I mentioned earlier.

For instance, the increase in supplies and services is all due to the expense investment/migration. The growth in other contracts that you see is to allow us to develop a real-time accounting and budgeting system which would enable us to more precisely manage budget execution, and also for the development of a Marine Corps planning module, within the Joint Operation, Planning, Execution System. Base communications is essentially level.

OPERATION AND MAINTENANCE, MARINE CORPS
FY 1986 PRESIDENT'S BUDGET REQUEST
CIVILIAN PERSONNEL
($ IN MILLIONS)

	FY 1984		FY 1985		FY 1986	
	PERSONNEL	FUNDS	PERSONNEL	FUNDS	PERSONNEL	FUNDS
U.S. DIRECT FUNDED	14,880	351.8	15,125	365.0	15,355	363.5
FNIH	2,747	47.5	2,770	51.7	2,770	55.7
TOTAL:	17,627	399.3	17,895	416.7	18,125	419.2

CHART #10

Since 25 percent of the O&M budget is devoted to civilian personnel, I thought it might be useful to display a summary on chart No. 10 of our civilian personnel status. The decline of $1.5 million for U.S. civilians in fiscal year 1986 clearly shows the impact of the $13.7 million associated with the 5 percent civilian pay reduction. That saving is only partially offset by a 230 end strength increase, annualization of fiscal year 1985 pay increases, and full funding for those personnel increases that were authorized for 1985.

As I said at the outset, Mr. Chairman, the Operation and Maintenance, Marine Corps budget has but one purpose, the improvement of combat capability. The $1.7 billion requested will enable us to continue those vital readiness, sustainability, modernization, and force structure programs that are well under way and from which we are now beginning to reap the benefits.

We must, however, continue to be concerned with the level of readiness support in maintenance of real property, personal support equipment, and the operations and training of our forces. We must also ensure that the proper dollar relationship is maintained between the modernization program which is in the procurement budget and the operation and maintenance demands these programs beget in the O&M budget.

Throughout this entire process, I assure you we will continue to seek every means to effect economies and efficiencies so that the taxpayers' dollars that you give us will be paid back in a stronger, more combat-ready Marine Corps. We all share one vital interest, national defense. Your continued support will see to it that the U.S. Marine Corps remains the cutting edge.

Thank you, Mr. Chairman.

Senator HUMPHREY. General Crist, your prepared statement will be inserted in the hearing record at this point, and we will have questions for both of you.

General CRIST. Thank you, Senator.

[The prepared statement of General Crist follows:]

PREPARED STATEMENT OF LT. GEN. GEORGE B. CRIST, U.S. MARINE CORPS, DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS

INTRODUCTION

Mr. Chairman and members of the Committee, I am Lieutenant General George B. Crist, Deputy Chief of Staff for Installations and Logistics, Headquarters, U. S. Marine Corps. It is a privilege to appear before you today to present the fiscal year 1986 Operation and Maintenance, Marine Corps (O&MMC) budget request. This year our budget request totals $1.7 billion, a decrease of $16.5 million from last year's budget.

At the outset, I would like to thank the members of the Committee and the Congress for their unswerving support of our efforts to increase the military capability of the Marine Corps. In particular, as the midpoint of our modernization effort is reached, we can now see tangible evidence of significant improvement in the military capability of our combat units. This momentum, continued to fruition, will ensure that the Marine Corps remains the Nation's premier force-in-readiness.

The Marine Corps Operation and Maintenance budget has but one objective: to improve military capability. Therefore, I will first describe the proposed budget in terms of what it will add to our military capability, as categorized by contributions to the four pillars of military capability: readiness, sustainability, modernization, and force structure.

Achievement of greater capability is not the sole criterion. You need to know that the funds Congress has provided are buying the most "bang for the buck." The Marine Corps prides itself on a track record of frugality. We have sought, and continue to seek, economies and efficiencies which will stretch those precious dollars you have given us. The second part of this statement will, therefore, outline those economies and efficiencies which we have achieved to date and what we are looking for in the future.

With the foregoing as a framework, the final portion of the statement will provide an overview of the proposed budget.

MILITARY CAPABILITY

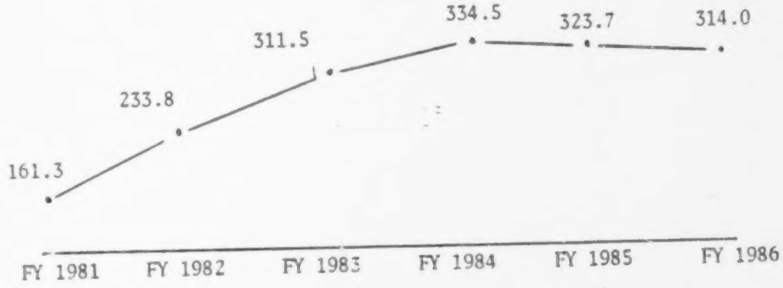
READINESS

Readiness, for the Marine Corps, is perhaps the foremost pillar of military capability. As the "First to Fight," no matter what else, we must be ready now. The O&M appropriation is characterized as the "Readiness" appropriation since the preponderance of its funds directly impact on the various areas of readiness: training; materiel; personnel; and base operating support. Of particular note, the capabilities provided by the Maritime Prepositioning Ships (MPS) Program and the Norway Prepositioning Program will significantly contribute to the readiness of the Marine Corps.

Training Readiness

Training is a major ingredient of Marine Corps readiness. Accordingly, Marine Corps training stresses demonstration of performance standards at all training levels from amphibious operations down to the training of individual fighting skills required for small unit tactics. The training readiness of the operating forces is higher today than ever before because of the training improvements funded by this appropriation.

FMF SUPPORT FUNDING PROFILE
($ MILLIONS)

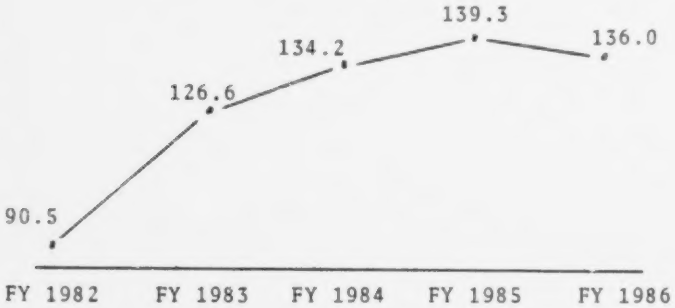


The funding provided directly to the Fleet Marine Forces (FMF), depicted in the chart above, accounts for approximately 20 percent of the O&MMC appropriation. This growth in funding for the operating forces has permitted increases in the following direct readiness-related areas: exercise participation; Battalion Field Training Days (BFTDS); mission-oriented training; development of individual training standards; use of training simulators; and the Maritime and Norway Prepositioning Programs. Because the interrelated contributions of the individual elements have a synergistic effect upon overall training readiness of the Marine Corps, let us examine each in more detail.

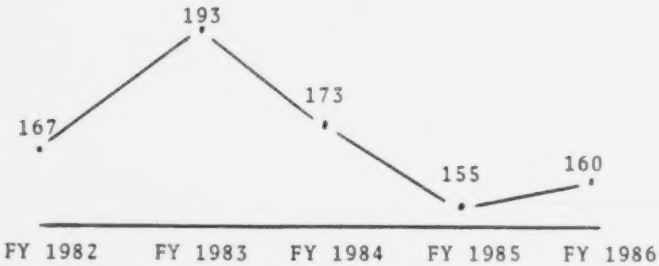
Exercises

Integrated exercises are the culmination of Marine Corps training. The funding profile below depicts the growth in funding devoted to the administration, operation, and training of the operating forces since fiscal year 1982.

FMF ADMINISTRATION, OPERATIONS AND TRAINING
($ MILLIONS)



FMF EXERCISE PARTICIPATION
(# OF EXERCISES)

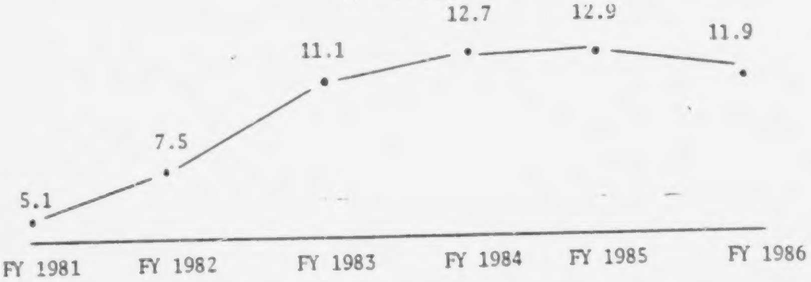


These exercises provide the Marine Corps with the opportunity to train under a variety of threat scenarios, environmental conditions, and locales in order to simulate combat conditions. Commanders are thereby able to evaluate their contingency plans, and staff coordination, and command and control mechanisms, so necessary for future success on the battlefield.

In fiscal year 1986, the total number of exercises is consistent with the fiscal year 1985 level. Budgeted fiscal year 1986 funding of $136.0 million for administration, operations, and training represents the minimum funds required to support desired participation in these exercises compared to fiscal year 1985.

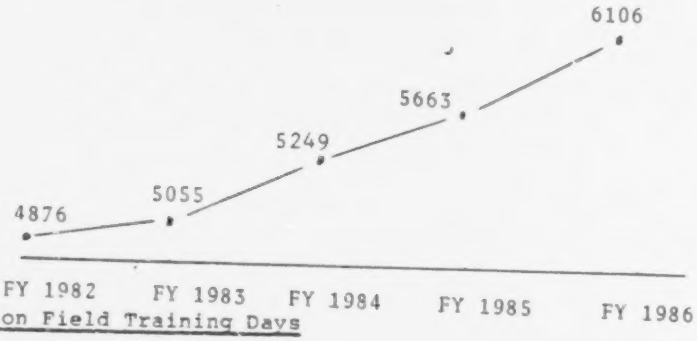
As noted in the chart below, the Marine Corps has devoted increased funds in recent years for participation in JCS directed/coordinated exercises. The Marine Corps has benefited considerably from these exercises. They provide the opportunity for the Marine Corps to plan, coordinate, and execute with other Services in a manner closely resembling probable deployments.

FUNDING FOR JCS DIRECTED/COORDINATED EXERCISES
($ MILLIONS)



The scope and complexity of JCS exercises have increased and exercise objectives have been expanded to include joint/combined tactics, techniques, and procedures. Strategic capabilities, including the ability to perform difficult and complex operations over extended periods have been improved. The success of the joint task force operation in Grenada, in which the Marine Corps played a major role, can be directly related to the investment in these types of exercises.

Battalion Field Training Days



Battalion Field Training Days

The number of Battalion Field Training Days (BFTDs) represents actual field training time by Marine Corps units, excluding training received in garrison or on amphibious shipping. This field training time provides units with the opportunity to hone their combat skills by improving individual and collective technical and tactical proficiency.

This measurement does not fully reflect the dynamic nature of the Marine Corps training system. However, it does provide a general index of the level of effort expended toward achieving and maintaining a ready state among our units.

Since fiscal year 1982, this measurement has reflected a steady increase in Marine Corps training opportunities; increasing from 4876 in 1982 to 6106 for fiscal year 1986.

The increase of 443 BFTDs for 1986 over 1985 is primarily associated with the training to be received by the additional artillery battalion to be activated in fiscal year 1986 with the M198 Towed 155MM Howitzer and the third battalion of Light Armored Vehicles (LAV). In addition, funding in 1986 will provide for a 27 percent increase in training days for the Marine Corps', three Assault Amphibious Vehicle (AAV) Battalions and a 20 percent increase for the three Combat Engineer Battalions.

Mission-Oriented Training

Realistic, mission-oriented training, both individual and unit level, continues to be a key element in the daily readiness of the Marine Corps. Such training permits Marines to train as a total force, integrating both active and reserve participation in air-ground training. This year's funding level permits Marines to continue to experience training under varied terrain and climatic conditions.

The nature of the Marine Corps' primary mission requires a continuing emphasis on amphibious training. Amphibious exercises are the culmination of this training, resulting in the Marine Corps maintaining its ability to satisfy the unique challenges of amphibious warfare.

The most realistic training is conducted at the Marine Corps Air Ground Combat Center (MCAGCC), Twentynine Palms, California. In recent years, eight regular and two reserve infantry battalions have been task organized into Marine Air-Ground Task Forces

(MAGTFs) with appropriate combat support, combat service support, and aviation combat elements to conduct combined arms exercises (CAXs). In 1984, the decision was made to expand the scope of these exercises to more realistically reflect the manner in which Marines will be employed in combat. Accordingly, in fiscal year 1985, selected exercises at Twentynine Palms were increased to include MAB-level participation.

Since fiscal year 1982, the Marine Corps has invested $21.0 million in military construction funds to develop and improve its Mountain Warfare Training Center at Bridgeport, California. The Mountain Warfare Training Center offers unique conditions in which to learn fighting and survival skills in a mountainous and cold-weather environment. As a result of the expansion and development of permanent facilities, the Mountain Warfare Training Center now annually trains over 12,000 Marines, including 10 battalion-sized units, of which one or more are from the Marine Corps Reserve.

Individual Training Standards

In fiscal year 1985, the Marine Corps accelerated development of individual training standards. The establishment of these additional standards will provide increased capability for the evaluation of training, standardize acceptable levels of performance, eliminate unnecessary training, enable efficient allocation of training resources, ensure that all tasks for satisfactory performance are identified, avoid duplication of effort by units and training institutions, and validate occupational field structure. These standards will form the basis for future design, development, implementation, and evaluation of all individual training to ensure the readiness of the individual Marine.

With the funding of $3.7 million requested for fiscal year 1986, approximately 20 percent of the program will be completed.

Training Simulators

Training readiness is enhanced by the use of state-of-the-art training simulators. These simulators accord Marines the opportunity to train effectively within training ammunition allowances which are limited due to the high cost of such sophisticated ammunition as the TOW and DRAGON missiles. These special training devices add realism to training and permit Marines to experience those situations which closely resemble the conditions under which they will fight.

These simulators and special training devices, operated and maintained by funding provided by this appropriation, include such training enhancement as the Training Set Fire Observation (TSFO) for forward observers; the Launch Environment Simulator-Dragon for DRAGON missile system operators; and the Multiple Integrated Laser Engagement System (MILES) for tactical maneuver live fire simulation.

The biggest single improvement in tactical training has been the fielding of MILES. Through its use, units can conduct two-sided, free-play combat engagements with accurate weapons effects simulation and real-time casualty assessment. This enhancement provides commanders with immediate feedback as to the combat effectiveness of their units.

Most requirements to equip the active forces with these simulators will be satisfied with the Procurement, Marine Corps funding requested through fiscal year 1986. Use of these devices provides significant savings since the present ammunition allowances for training can be more effectively used rather than requiring higher allowances. In addition, the maintenance and repair of the weapons themselves will be reduced by the use of these simulators.

The development and use of electronic wargames such as the Tactical Warfare Simulation, Evaluation, and Analysis System (TWSEAS) and manual war games used by lower-level staffs have meant that full combat staff planning, coordination, and execution can be simulated without additional costly field operations. The result has been increased training values derived from subsequent actual exercise participation.

Maritime and Norway Prepositioning Programs

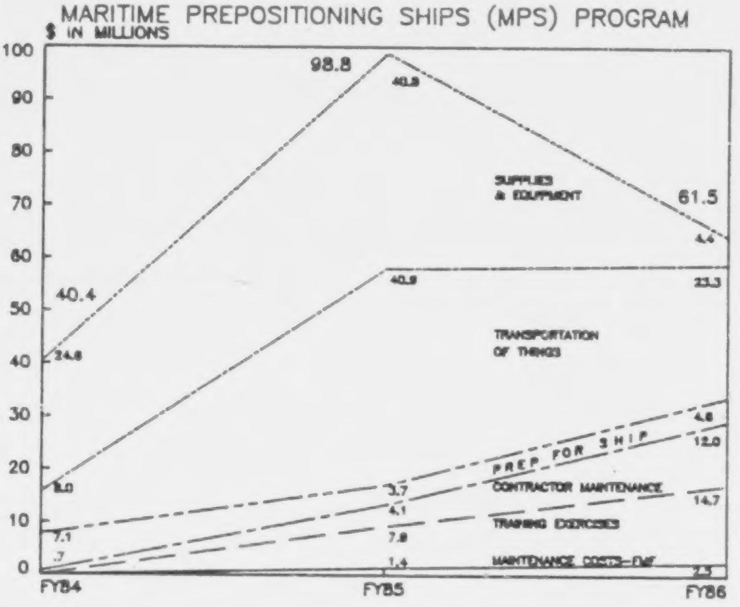
Maritime Prepositioning Ships (MPS). The most dramatic impact upon Marine Corps readiness in 1985 will be the completion of the load-outs of the first two MPS squadrons of the three squadron program. The third squadron will load-out in fiscal year 1986, thereby achieving the full MPS capability. The maritime prepositioning concept is new and exciting, adding a dimension to strategic mobility previously only partially provided by the Near Term Prepositioned Force (NTPF). This capability allows the introduction of a MAGTF of over 16,500 Marines and sailors to a crisis area within ten days with essential combat equipment and 30 days of organic support.

With the complete deployment of the second MPS squadron in the first quarter of fiscal year 1986, the NTPF will be relieved. This relief results in savings of $5.6 million in NTPF-related exercises and maintenance costs. However, an additional $10.0 million will be required for the off-load and transportation of NTPF assets for repair/rebuild, return to storage sites as part of the normal Prepositioned War Reserve (PWR), and/or distribution to operating forces to free up other equipment for evacuation and repair.

The chart below portrays the O&MMC funding profile for the MPS program. The fiscal year 1985 program of $98.8 million, which includes the additional $27.2 million provided by Congress, provided funds for the load-out of the first MPS squadron, its reconfiguration onto the permanent ships assigned to the first squadron, the load-out of the second MPS squadron, and the purchase of the supplies for the third MPS squadron.

The fiscal year 1986 budget request reflects a net decrease of $37.3 million from the $98.8 million appropriated in fiscal year 1985 to support the MPS program. The major decrease is a $34.0 million reduction from 1985 for supplies and equipment reflecting the completion of the purchase of items for the third squadron of

MPS in fiscal year 1985, which completes the initial outfitting of the MPS brigades.



Of the $61.5 million requested for fiscal year 1986, $27.9 million provides for the receipt, care in storage, preparation for shipment, transportation, and port handling (stevedoring) costs associated with the stand-up of the third MPS brigade. The transportation and port handling costs are reduced $17.6 million from the fiscal year 1985 level since the fiscal year 1986 budget provides for the load-out of only the four ships for MPS-3 compared to nine ships in fiscal year 1985.

It should be noted that the MPS program will be dynamic with recurring costs for the replenishment and replacement of consumable supplies and repair parts associated with continued equipment modernization. In fiscal year 1986, $4.4 million is requested to support the purchase of such items.

Of significance in 1986 is the $12.0 million requested to support the civilian contract maintenance personnel permanently stationed aboard the MPS squadrons. These personnel will perform cyclic and preventive maintenance of the supplies and equipment aboard the ships, assist in the major biennial maintenance periods, and perform necessary major post-exercise maintenance. Their efforts are crucial to maintaining the daily readiness of the embarked equipment and weapons. The NTPF ships did not have the capability to permit on-board maintenance.

The fiscal year 1986 request contains $17.2 million to man, maintain, and operate the embarkation port facilities during the load-out of MPS-3 as well as the exercising of MPS during fiscal year 1986. Of special note during fiscal year 1986 is the requested $14.7 million to exercise the first two MPS squadrons. With the load-out of these squadrons in 1985, fiscal year 1986 offers the first opportunity to begin full operational exercising of these important additions to our strategic mobility. These funds will also provide for the post-exercise maintenance effort to be performed by Marines.

Norway. The prepositioning program for Norway continues on track. Since November 1982, the Marine Corps has steadily increased the amounts and types of equipment shipped to Norway for storage as part of the overall program to preposition mission-essential selected equipment and supplies to support a Marine Amphibious Brigade (MAB). This strategic mobility program supports the rapid reinforcement of NATO -- specifically the vital Northern Flank which, in part, controls the sea lines of communications between the United States and Europe. Once in place, the prepositioned stocks will support the force closure of a MAB in a matter of days. Such a mobility enhancement sends strong signals of American resolve to our Allies.

The $4.9 million requested for fiscal year 1986 supports the transportation and associated costs of planned equipment deliveries to Norway; cyclic and preventative maintenance of the equipment while in storage; and post-exercise maintenance costs.

Close and continuous coordination exists between American and Norwegian planners in all aspects of this program to include insuring the provision of adequate storage capacity by the Norwegians for intended shipments. This joint venture has proceeded very smoothly, including the first and very successful withdrawal and exercising of selected equipment in 1984 during the TEAMWORK-84 exercise. Additionally, as the stocks of supplies and equipment prepositioned in Norway continue to increase, withdrawal from storage and use of these items will also be integrated into regularly scheduled exercises.

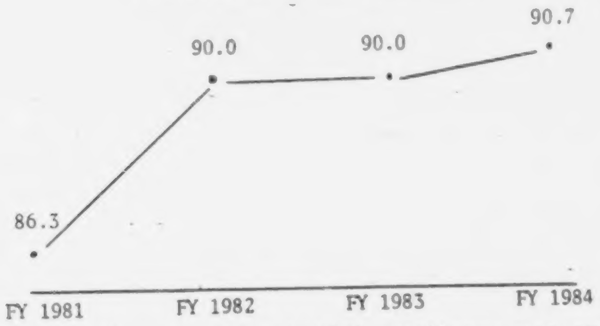
It is essential to exercise these two mobility enhancements to ensure their successful integration into the framework of our Nation's readiness posture.

Materiel Readiness

Materiel readiness consists of two fundamental components: the inventories of equipment and supplies on hand relative to wartime requirements; and the condition in which they are maintained.

We track materiel readiness by focusing on the condition of 265 critical principal end items. The chart below depicts materiel readiness from the end of fiscal year 1981 to the end of fiscal year 1984.

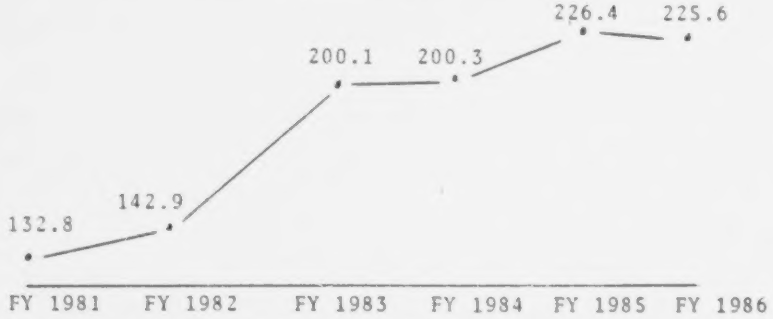
MATERIEL READINESS RATINGS
(% EQUIPMENT COMBAT-READY)



This increase in overall materiel readiness was accomplished by a combination of two major actions in the past few years: introduction of new equipment to the operating forces; and increased funds for the maintenance of equipment.

Equipment Maintenance. The chart below reflects the increased funding for equipment maintenance, including funds provided for depot maintenance.

EQUIPMENT MAINTENANCE FUNDING
($ MILLIONS)



Of the $314.0 million budgeted for direct use by the operating forces this year, almost one-third, $98.2 million, is for the maintenance and repair of authorized equipment. This major use of funds by the FMF supports the high operating tempo of the forces.

In addition, of the $354.7 million budgeted for Central Supply and Maintenance, $127.4 million, 35 percent is to support depot maintenance of equipment. These latter funds are necessary to meet the Defense Guidance which requires achieving and maintaining a zero backlog of depot-level maintenance for principal end items and secondary items to assure the highest levels of equipment readiness.

As indicated above, increased materiel readiness has been achieved and maintained by significantly increased funding levels. In the future, additional funds will be necessary to sustain this high degree of equipment readiness because of anticipated maintenance costs associated with increased amount of new equipment being provided to the operating forces.

Factory Training. Concomitant with the introduction of new equipment to the operating forces is the requirement to provide initial skill training to Marines on the maintenance and repair of the equipment.

In fiscal year 1986, $6.3 million is requested to fund the development of course material, training aids, and instruction delivered to initial key personnel. Much of this initial skill training is provided at the equipment contractor's production sites. Subsequent training includes production contact teams providing follow-on training at the FMF unit using the equipment.

Contractor Support. Given the complexity of certain low-density electronic equipment and weapons systems today, the Marine Corps continues to require Contractor Engineering Technical Services (CETS) for fielded systems. Contractor technical representatives provide technical support to install, operate, and maintain highly complex electronic equipment until Marines in the field achieve proficiency.

Funding of $5.1 million for this program in fiscal year 1986 will provide approximately 80 percent of the required technical support.

Civilian maintenance contract, non-CETS, personnel will play an important role in the MPS program. In fiscal year 1986, $12.0 million is being requested for the civilian contractor maintenance of MPS supplies and equipment to assure maximum combat readiness of these items. The ships constructed for the MPS squadrons were designed to provide adequate space for the performance of cyclic maintenance. Separate maintenance work spaces were also provided. These provisions were made to insure that the prepositioned equipment would remain in a combat ready condition. Maintenance which cannot be performed aboard ship will be accomplished when the equipment is off-loaded during the biennial recertification of the ships.

For the equipment prepositioned in Norway, Norwegians will perform the cyclic maintenance and assist in post-exercise maintenance on a reimbursable basis.

Funds for the maintenance support of prepositioned equipment are necessary to insure that the equipment is fully operable. Because of the nature of its intended use, there can be no uncertainty as to the readiness of that equipment.

Personnel Readiness

The individual Marine is still the most important element in the readiness equation. The giant strides which we have made in modernizing the force would have been of minimum value if not complemented by increases in personnel readiness.

We have always prided ourselves on providing a rigorous training regimen with which to challenge our Marines. Today, in large measure because of your support, we are well on the way towards providing modern housing, dining, training, and maintenance facilities. These facilities, coupled with the provisioning of modern equipment, have had a very positive impact on our Marines, which in turn affects overall combat readiness.

Recruiting. All other readiness areas have improved because quality of Marines has steadily improved within the force itself. The infusion of a greater number of educated, more intelligent Marines and the resultant decrease in disciplinary problems have allowed local field commanders to focus on the mission and needs of the total command. Last year the Marine Corps was able to meet all recruiting goals, while continuing to raise standards. Over 95 percent of all non-prior service regular male recruits were high school graduates, and over 96 percent scored in the upper three categories of the Armed Forces Qualification Test. The Marine Corps has been able to achieve these successes, in part, because of your support of the recruiting and advertising programs.

In fiscal year 1986, $57.7 million, an increase of $4.6 million, is being requested to support the recruiting and advertising effort necessary to maintain the quality of individuals electing to serve our country in the Marine Corps.

Given the technical complexity of the equipment and weapons procured to modernize the force, additional demands exist for the recruitment of personnel with the potential to operate this sophisticated weaponry.

This year's advertising support to the recruiting effort requires $18.1 million, an increase of $3.4 million over the fiscal year 1985 level. Of this increase, $2.8 million will be targeted specifically to enhance our efforts at obtaining sufficient quantities of technically qualified young men and women.

Unit Deployment Program. In October 1977, the Marine Corps instituted the Unit Deployment Program to sustain maximum uniform readiness among combat units regardless of location and to reduce the personnel turbulence caused by 12-month dependents restricted tours to the Western Pacific (WESTPAC).

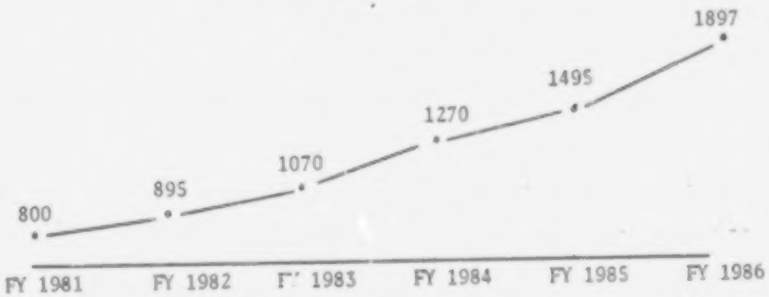
As a result, Marines in infantry battalions and aviation squadrons now deploy to WESTPAC as a unit for 6-month periods from CONUS and Hawaii bases. This creates a significant morale boost by reducing personnel turbulence and increasing family stability. But first and foremost, combat readiness and standardization are increased because of greater unit integrity within the infantry battalions and the aviation squadrons.

For fiscal year 1986, the Marine Corps is requesting $23.5 million for the program, which funds the airlift of the forces as well as the temporary additional duty costs inherent in the concept.

In 1985, the Marine Corps plans to expand the concept by including the first of the combat support units, a tank company, into the deployment sequence. Fiscal year 1986 plans include the addition of another tank company and the initial artillery battery involvement into the program. These additions are logical extensions of the program in order to gain maximum readiness benefits.

Increased Overseas Accompanied Tours. Another means of improving readiness by reducing personnel turbulence is the use of increased accompanied tours in WESTPAC. The chart below indicates the doubling of accompanied tours on Okinawa since 1981.

ACCOMPANIED OVERSEAS TOURS
ON OKINAWA



The preponderance of this increase has been for officers and senior non-commissioned officers who will be stationed overseas for three years rather than the previous one-year tours. This means that commanders and other key personnel can be assigned for full tours to provide needed undisrupted leadership. Unit productivity and readiness are improved as a result of the increased personnel continuity. These numbers will continue to increase as support facilities, especially housing, are brought on-line.

We believe that the additional facility maintenance and assorted support costs funded by the O&M appropriation, e.g., Marine Corps Family Service Centers, are more than offset by the positive impacts on personnel readiness resulting from increased personnel stability and improved family morale. Future payoffs are expected to include increased retention of quality career Marines.

Base Operating Support

Integral to the concept of readiness is the less glamorous but necessary component of the supporting establishment upon which the operating forces must depend.

Marine Corps bases and installations provide the necessary facilities to house, feed, train, and service the operating forces. Of the fiscal year 1986 budget request of $1.7 billion, 45 percent, $740.6 million, represents costs associated with base operating support and telecommunications. These costs are "hidden" in most discussions on readiness because of their perceived indirect impact. Nonetheless, funding fluctuations for base operating support, especially in the areas of facility maintenance and "quality of life" items, e.g., personnel support equipment and food preparation and serving equipment, directly affect the living and working conditions of our Marines. Consequently, this sizeable funding area does directly influence readiness.

Civilian Personnel. An important, but often neglected, feature in the consideration of readiness is the significant contribution of the civilian work force to maintaining the Marine Corps as a "force-in-readiness." The Marine Corps adheres to a very stringent policy requiring that civilian personnel be used to meet the needs of supporting activities to the maximum extent practicable.

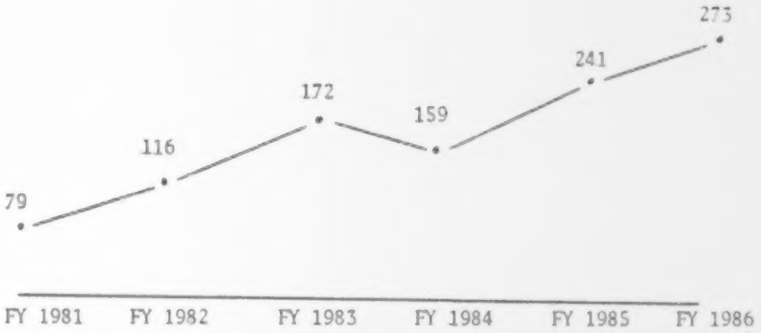
This policy permits us to more effectively man the FMF with Marines; improve FMF training, readiness, and manpower sustainability; provide continuity in operations; and provide specialized expertise to our supporting activities not otherwise available within the military community. Marine Corps civilian personnel are employed in a wide variety of professional, technical, and administrative functions.

Military and civilian manpower resources are integrated to maximize efficiency and avoid duplication. Our request for 18,125 O&MMC direct funded civilian personnel in fiscal year 1986 is necessary to continue to meet mission responsibilities while maintaining minimum military strength levels. Any degradation of civilian levels will result in a draw-down of military manpower from the operating forces, resulting in a decrease in readiness.

This year's budget requests funds for an additional 262 civilian personnel, offset by 32 saved as a result of Efficiency Reviews. Of the requested increase, 218 are directly readiness-related. These increases will be discussed in detail in the Funding Overview section.

Facility Maintenance. The physical condition of Marine Corps facilities in which Marines live, eat, and work directly impacts upon the readiness of the operating forces. Marines recognize that the Marine Corps is concerned about their living and working conditions by the number of new and modernized facilities being provided in CONUS and overseas. The chart below depicts the dramatic increase in funds appropriated for military construction for the Marine Corps since fiscal year 1981.

MILITARY CONSTRUCTION FUNDING
($ MILLIONS)



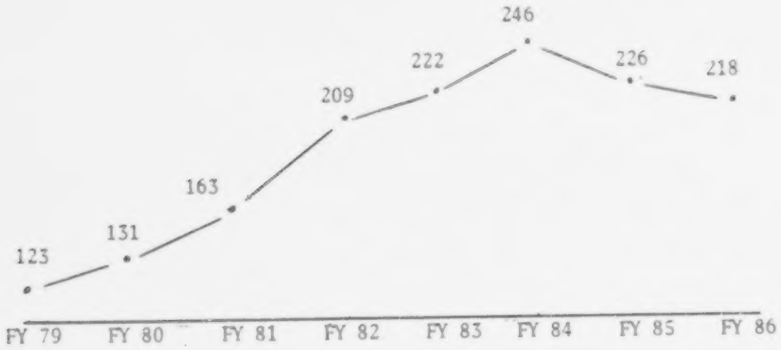
This steady growth in funding since fiscal year 1981 has provided modern living and dining conditions at an unprecedented rate and certainly has contributed to the retention of Marines as reflected by increasing first-term reenlistment rates.

Modern maintenance and training facilities have also been provided by these funds, directly impacting upon the increased materiel and training readiness of the operating forces.

While military construction funding has continued to increase, maintenance and repair of real property funding by the O&MMC appropriation has not kept pace.

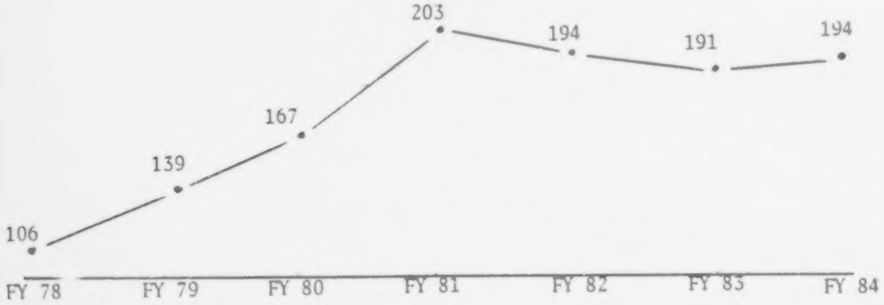
The chart below depicts actual O&MMC MRP funding for maintenance and repair since fiscal year 1979.

MAINTENANCE AND REPAIR FUNDING
($ MILLIONS)



As a result of reduced maintenance and repair funding levels, the Marine Corps has not achieved the desired facility Backlog of Maintenance and Repair (BMAR) levels. The chart below depicts the growth and subsequent relative stabilization of BMAR since fiscal year 1978.

BMAR HISTORY
($ MILLION)



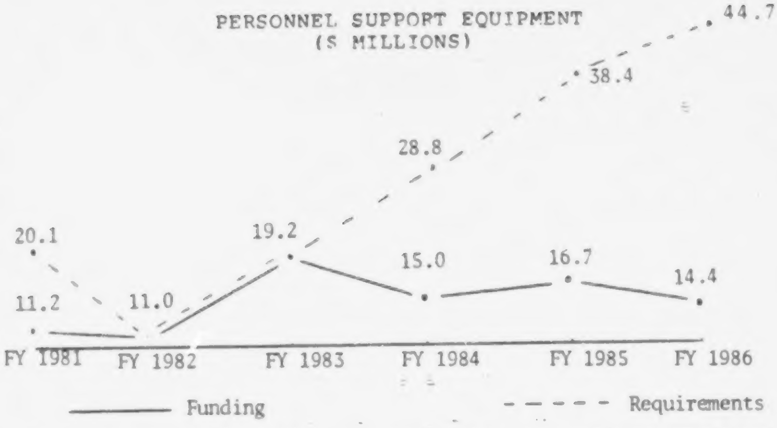
In spite of the fact that our reported BMAR levels remain above the Congressional goal of $106 million, I believe that we have made real progress in improving the condition of our bases.

I think the nearly $1.1 billion investment we have made in maintenance and repair work from 1979 to 1984 has been a good investment; better than the reported BMAR figures alone would indicate.

Supplies and Equipment. Personnel Support Equipment (PSE), Food Preparation and Serving Equipment, and Military Construction Collateral Equipment are "quality of life" items which have a direct bearing on readiness. These programs provide the equipment to make the individual Marine more efficient in his daily activities as well as contributing immensely to his physical and mental health. The laundry, mess, shop, and barracks equipment funded by these programs may be commonplace items, but they are essential to readiness. If Marines have to live and operate under inadequate hygienic conditions or with out-moded, inefficient support equipment, overall readiness is impaired.

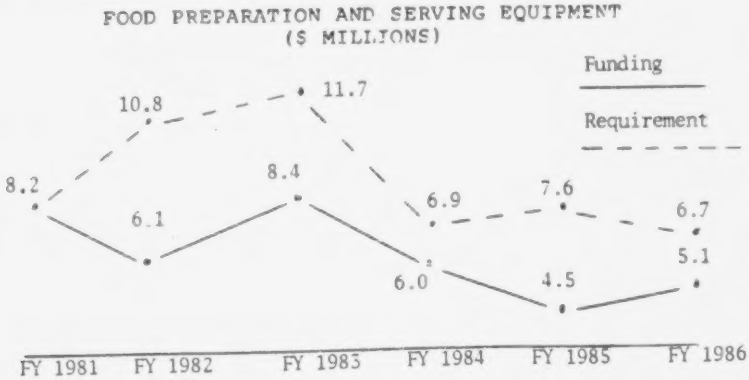
Personnel Support Equipment. The provisioning of adequate Personnel Support Equipment (PSE) is an essential corollary to our program of modernizing and upgrading of barracks, bachelor officer quarters, and administrative spaces.

The chart below displays the O&MMC funding, since fiscal year 1981, compared to the upgrade requirements. Requirements for PSE are based upon the replacement and augmentation of the total PSE inventory over a 5-10 year period.



The apparent decline in requirements occurred in reaction to the OMB Furniture Moratorium imposed during fiscal year 1980 and extending into fiscal year 1981. Once the moratorium was lifted, requirements increased, reflecting the need to replace unserviceable equipment and to outfit renovated facilities.

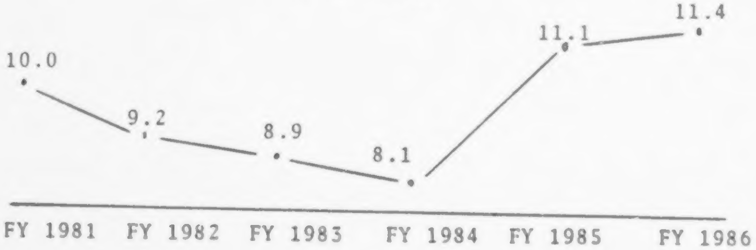
Food Preparation and Serving Equipment. With the modernization of Marine Corps mess halls there has been a substantial increase in the requirement for Food Preparation and Serving Equipment (FPSE). The chart below graphs the relationship between O&MMC funding levels and the requirement.



Rising equipment costs, coupled with higher replacement and technology improvement costs increased funding requirements. Since fiscal year 1983, O&MMC FPSE requirements have decreased because the unit cost of the equipment necessitated procurement rather than O&MMC funding. Accordingly, much of the FPSE requirement has been funded by the procurement appropriation. Beginning in fiscal year 1986, the O&MMC apporpriation will fund for all FPSE because of the revision to the expense/investment criteria.

Collateral Support Equipment. Collateral support equipment provides the initial outfitting of equipment for newly constructed or renovated facilities. For example, for new barracks these funds provide the initial beds, desks, and wardrobes to complete the facility.

COLLATERAL SUPPORT EQUIPMENT
($ MILLIONS)



Historically, O&MMC funded collateral support equipment for military construction projects approximates 5 percent of the MILCON budget. However, the actual amounts for any given year will vary by type of construction project. Accordingly, since fiscal year 1981 a slight decline in collateral equipment funding occurred. Nonetheless, all requirements have been satisfied.

SUSTAINABILITY

Whereas first to fight and readiness are synonymous with the Marine Corps, the ability to continue the fight once joined is equally important. Here we are talking about sustainability as a function of the capability to resupply the weapons, equipment, munitions, and secondary items in response to combat attrition or consumption. Sustainability also implies a capacity for maintaining the Marine Corps' fighting posture under all foreseeable circumstances.

Materiel Sustainability.

Materiel sustainability is usually measured in numbers of Days of Supply (DOS). The goal is 60 DOS on hand for each Marine Amphibious Force (MAF). While Prepositioned War Reserve Materiel Requirement (PWRMR) attainments are primarily funded by the Procurement, Marine Corps appropriation and the Marine Corps Stock Fund, O&M funds do procure the PWRMR for Classes II (Clothing and Organizational Equipment), IV (Construction Material), VIII (Medical Materiel) and IX (Repair Parts) supplies.

The impact of increased O&MMC funds has produced a continuous upward attainment trend in the area of sustainability, particularly in the build-up of PWRM stocks for Class II, Class VIII and Class IX (Class IV has been at 100 percent throughout the period under consideration). The following table shows the significant improvements in attainment for the Fleet Marine Forces from 1982 to 1984:

Percent PWR Attainment

Class of Supply	FY82	FY83	FY84
II	51%	62%	83%
VIII	40%	58%	70%
IX	68%	80%	82%

Shortfalls from the desired goal continue to exist in each Force, with NBC equipment deficiencies being the most serious. Most of the medical materiel deficiencies are short shelf-life consumables which are readily available from commercial sources. Accordingly, it is not intended that full attainments be acquired and maintained.

Requirements determination is a dynamic process, with frequent reviews to ensure combat essentiality for inclusion as PWR stocks. In addition, requirements change corresponding to the addition of new and improved equipment provided under the modernization program.

MODERNIZATION

Modern warfare demands that we achieve and maintain a technological edge over our potential adversaries or, at a minimum, keep pace with them. Modernization efforts are directed at upgrading aged and obsolescent equipment in order to keep pace with the changing threat. Most of our fiscal year 1986 modernization programs are the continuation of programs which have been started since fiscal year 1982. The operation and maintenance appropriation complements the procurement appropriation by funding the initial issue of new expense-type items as well as their eventual replenishment and replacement. The initial issue of these items can be appropriately considered as force modernization.

The succeeding paragraphs and tables highlight the items of equipment and attainment levels funded by the fiscal year 1985 and 1986 programs, respectively.

ITEM	FY85 ($000)	FY85 ACQUISITION OBJECTIVE (AO) ATTAINMENT (percent)	FY86 ($000)	FY86 ACQUISITION OBJECTIVE (AO) ATTAINMENT (percent)
Lightweight Camouflage Screening System	20,111	59	14,000	68

Lightweight Camouflage Screening System

The Lightweight Camouflage Screening System is a replacement for the burlap garnished twine camouflage nets which are obsolete and no longer available. This camouflage screening system is superior to the burlap system in that it does not absorb water, has more garnish, and includes its own support system, e.g., poles and repair parts. It can be assembled and disassembled more rapidly, provides easier maintenance and handling, provides concealment from enemy radar and lessens the possibility of photographic and visual detection.

The ability of this system to scatter and diffuse radar signals is a marked enhancement over any previous camouflage system, thereby enhancing our ability to survive on the electronic battlefield. Completion of this expensive procurement will require ten years (fiscal years 1980-1989) for all three types of camouflage: Woodland, Desert, and Snow. The overall 68 percent attainment level at the end of fiscal year 1986 represents the following attainments by type: Woodland, 80 percent; Desert, 72 percent; and Snow, 50 percent. Fiscal year 1986 represents the initial procurement of snow blend netting.

Personal Combat Clothing and Equipment

The personal combat clothing and equipment items are funded as newly developed items to replace current capabilities and in some cases as new requirements. These items are normally low dollar, high volume items required for the welfare and safety of the individual Marine. This funding provides the first initial issue to all Marine Corps units with allowances on their Tables of Equipment. Individual item attainment levels are contained in the following table:

ITEM	FY85 ($000)	FY85 AO ATTAINMENT (Percent)	FY86 ($000)	FY86 AO ATTAINMENT (Percent)
PASGT Vest	3,403	100		
PASGT Helmet	2,189	88	1,246	95
DH 132 Helmet	592	100		
HST/Armored Vehicle/Arty Helmet			7,429	75
Desert Uniform	328	100		
Camouflage Field Jacket	284	80	764	90
Camouflage Poncho	3,402	75	1,096	100
Tropical Uniform			1,666	62
Cold Weather Clothing			11,423	74
Vehicle Crewman Ensemble			1,600	100

The Personnel Armor System, Ground Troops Vest (PASGT) replaces obsolete M55 body armor. The new vest, constructed of kevlar material, covers the upper body and will reduce the number of serious and lethal wounds caused by grenade, mortar, and shell fragments.

The PASGT Helmet, a planned four year procurement, replaces the obsolete steel helmets adopted for Marine Corps use more than 25 years ago. The helmet is constructed of kevlar material and offers increased ballistic protection to the head, temple, ear, and neck areas against fragmenting munitions.

The HST/Armored Vehicle/Artillery Helmet will provide protection for Helicopter Support Teams (HST), combat vehicle crewmen, and artillerymen. The fiscal year 1986 procurement completes the outfitting for combat vehicle crewmen. Helmets for the artillerymen and helicopter support teams will be a two year procurement beginning in fiscal year 1986.

The Desert Camouflage Uniform ensemble consists of 10 items for wear in hot, dry climates. These items are new to the Marine Corps and do not replace any current items in the inventory. The Desert Undershirts, to be funded in fiscal year 1985, will be worn with the desert uniform, but were not included in the original ensemble procurement because of production nonavailability.

Woodland Blend Camouflage Field Jacket, a four year procurement, replaces the old olive green sateen jacket. The jacket is designed for cold weather operations, but is also authorized to be worn with the woodland blend battle dress uniform.

The Woodland Blend Camouflage Poncho, a two year procurement, replaces the old olive green wet weather poncho. The new poncho will also complement the woodland blend battle dress uniform.

The Tropical Uniform, a two year procurement, will provide a uniform suitable for wear in hot, moist environments. It does not replace any current items. The desert and tropical uniforms will be retained in the Training Allowance Pools (TAPs) for issue as necessary [illegible] either combat or training exercises.

The Improved Cold Weather Clothing, a two year procurement, will replace the current six layer, bulky, cold weather system which has not been improved/upgraded since the 1950's. While it increases protection from environmental hazards, the weight of the new system is 30 percent less than the current system.

The Vehicle Crewman Ensemble, which consists of 11 items, will be worn by crewmen aboard tanks, LVTs and LAVs. The uniform ensemble provides combat vehicle crewmen with safety and maximum comfort during extended periods of vehicle operation, as well as providing space for items necessary for individual survival.

Nuclear, Biological, and Chemical Defense

The Nuclear, Biological, and Chemical (NBC) items are procured as newly developed items required for NBC defense. Funds for these items provide the initial issue to using units with replacements becoming the responsibility of the unit. Item attainment levels are contained in the following table.

ITEM	FY85 ($000)	FY85 AO ATTAINMENT (Percent)	FY86 ($000)	FY86 AO ATTAINMENT (Percent)
Chemical Protective Overgarment			8,320	21
M17A2 Mask	10,000	100		
Nerve Agent Antidote	3,820	100		
Radiac Dosimeter			840	50

The improved Chemical Protective Clothing, a three year procurement, will replace the current two piece, olive green overgarment. The suit provides protection against vapors, aerosols, and small droplets of chemical agents.

The M17A2 Mask is a newly improved version of the M17A1 Mask. The M17A2 will be the basic mask provided to every Marine for protection against chemical attack.

Funding for the Nerve Agent Antidote will bring the operating forces to full allowance for these items.

The IM-185 Radiac Dosimeter, a two year procurement, replaces the IM-143 dosimeter and provides increased NBC detection capabilities because of its gamma and neutron detection capabilities.

These chemical protective clothing and equipment items will assisting in modernizing the Marine Corps NBC defense capability -- but we are a long way from achieving our goals.

Force commanders continually report NBC supplies and equipment as their most significant equipment deficiency. The equipment and supplies on-hand do not even satisfy initial NBC defense capabilities let alone Prepositioned War Reserve requirements. The present decontamination system system is old, fragile, and unreliable:

there is no viable decontamination capability. Beyond fiscal year 1986, progress towards satisfying these critical needs is dependent on successful completion of present research and development in such areas as decontamination equipment, chemical agent monitors and individual chemical agent detectors.

Test Measurement Diagnostic Equipment

Test, Measurement, and Diagnostic Equipment (TMDE) provides the FMF with the capability to fault-isolate, troubleshoot, and repair items of communications-electronics and weapons systems. As new principal end items are introduced in the Marine Corps, the inventory of TMDE must be continuously updated to provide the required FMF support. Item procurement levels are contained in the following table.

ITEMS	FY85 ($000)	FY85 AO ATTAINMENT (Percent)	FY86 ($000)	FY86 AO ATTAINMENT (Percent)
Mechanical TMDE	891	*	700	*
Electronic TMDE	1,022	*	950	*

*Attainment levels vary by type of principal end item supported

Mechanical TMDE is special purpose test equipment procured to support specific principal end items. Funds identified for fiscal year 1985 will provide for the complete attainment of test equipment to support the Logistics Vehicle System (LVS) and the High Mobility Multi-Wheeled Vehicle (HMMWV). In addition, all Valve Body Test Stands to support the Light Armored Vehicle (LAV) will be procured in fiscal year 1985.

Fiscal year 1986 funds will provide 42 percent of the initial issue of support test equipment for the D-7G model Caterpillar Bulldozer and four other Caterpillar engines. The phasing of this purchase coincides with the expected repair requirements for these bulldozers and engines.

Electronic TMDE represents various minor general purpose electronic test equipment items procured to support a variety of principal end items. In fiscal year 1985, these funds will purchase minor electronic tool kits and assorted electronic test devices. In fiscal year 1986, the entire general purpose hand-held digital multimeter requirement will be procured.

Tool Sets, Kits and Chests

Funding for Tool Sets, Kits, and Chests supports a variety of procurements for completion of subject assembled items. The requested fiscal year 1986 program will fund 20 percent of the reconfigured Common #1 Tool Kit. The following table provides funding levels for these items.

ITEMS	FY85 ($000)	FY85 AO ATTAINMENT (Percent)	FY86 ($000)	FY86 AO ATTAINMENT (Percent)
Tool Sets, Kits, Chests	210		250	

The relatively limited list of new equipment contained in the preceding paragraphs represents a very modest, but critically needed, modernization program. Reduced funding for any of these items would not only delay procurement but would also cause the Marine Corps to continue in a degraded capability position.

especially for the camouflage screening systems and NBC clothing/equipment. Similarly, a reduction in funding would adversely affect the operation and maintenance of new equipment programmed, as noted below.

Operation and Maintenance of New Equipment

Coincidental with the introduction of new equipment to the operating forces is the operation and maintenance "tail" of incremental costs associated with the equipment and related component items. This year's budget includes $21.6 million to support the initial introduction of approximately 25 new principal end items to the operating forces. These funds also support another 25 items entering the forces at expanded quantities over previous years. Items for which significant support costs are requested include: Light Armored Vehicle (LAV), $4.5 million; AN/PSC-2 Digital Communications Terminal (DCT), $3.0 million; AN/TPS-59 Radar, $2.5 million; Modular Universal Laser Equipment (MULE), $1.6 million; and Marine Corps Automated Test Equipment System (MCATES), $1.0 million. In addition, considerable funds are required for support of the continued introduction of the High Mobility Multi-Wheeled Vehicle (HMMWV), M90 Radar, AN/TSQ-90V PIP2 Tactical Electronic Reconnaisance Processing and Evaluation System (TERPES), TPB-1D Bomb Directing Set, and the Team Portable Direction Finder (TPDF).

Modifications Installation

The installation of equipment modifications/alterations directly impacts upon the modernization of force equipment by increasing the range, reliability, and/or lethality of missiles and weapons systems; improving the capabilities of communications, command, and control systems; and enhancing the mobility and capabilities of our engineering and support equipment.

In fiscal year 1986, $27.0 million will fund modification installation on such weapons and equipment as the: 5 Ton Truck retrofit, $15.5 million; LVT7A1 (the Marine Corps' tracked amphibious assault vehicle), $.3 million; M60A1 Tank, $1.1 million; Improved HAWK anti-air missile system, $1.0 million; and TOW anti-tank missile system, $3.3 million. Funds of $5.7 million will modify a variety of command, communication, and control systems such as the AN/TPD-1D, Radar Bomb Director Set; AN/UYQ-4, Direct Air Support Central (DASC); and the AN/MSC-63, Special Security Communication Center.

FORCE STRUCTURE

The fourth pillar upon which military capability is built is force structure. The determination of the proper military structure is a part of the continuous, comprehensive requirements determination process which considers the threat, national strategy, and Defense Guidance. An adequate force structure requires the presence of the necessary mix of combat and supporting personnel. It is not only a matter of personnel availability, but also the provisioning of the supporting weapons, transport, and supplies that constitutes a force in being.

The Marine Corps has also been revising its force structure composition in order to meet the changing threat. In many instances, force structure increases have been compensated for by internal adjustments. For example, since 1980, the personnel strength for Marine Corps infantry battalions was reduced from 913 to 824 per battalion while the battalion's fire power was increased by 25 percent.

In order to provide essential combat service support to the combat forces, we are continuing to enhance the ability of the Force Service Support Groups to support and maintain amphibious operations at all levels of Marine Air-Ground Task Force (MAGTF) configuration. In the past few years, we have activated and manned 15 previously cadred Force Service Support Group companies in order to achieve combat service support readiness comparable to that of the combat forces. Increases to the combat service support structure are being made in order to correct current deficiencies. A force cannot be considered combat ready if its logistics capability is deficient and unable to support the combat forces when needed.

Activation of New Units

In support of additional force structure, the operation and maintenance appropriation provides the funds necessary to outfit the new units with individual combat equipment (helmets, upper torso body armor, etc.); chemical warfare equipment (gas masks, special protective clothing, etc.); individual gear (jackets, blankets, etc.); administrative equipment (typewriters, desks, etc.); and maintenance equipment (tool sets, etc.).

Included in this year's request is $3 million to support the activation of the 3d Light Armored Vehicle (LAV) battalion, an additional battalion of the new M198 Towed 155MM Howitzers, and two batteries of M109 Self-propelled 155MM Howitzers. These units will increase both the firepower and mobility of our forces based on the West Coast and in the Western Pacific, extending to them such improvements already available to the forces assigned to the Atlantic region.

ECONOMIES AND EFFICIENCIES

I would now like to discuss some of the actions that we have taken and continue to take to make best use of funds you have given to us. These actions include the following programs: Commercial Activities/Efficiency Review; and Defense Regional Interservice Support.

Commercial Activities/Efficiency Review

The Commercial Activities (CA) Program is the cornerstone of the Marine Corps' economies and efficiencies effort. Together with the recently implemented Efficiency Review (ER) Program, the CA Program will enable the Marine Corps to realize significant savings and cost avoidance through the development of more efficient organizations or contracts that result in lower costs. Equally important to the Marine Corps is the fact that some of the reviews relating to billets occupied by military personnel result in the personnel being able to return to the operating forces or fill other critical shortages as the existing billets are either contracted out or converted to civil service. While the Marine Corps, like other services, has had difficulty in achieving the desired rate of progress in the CA program, the major problems have been worked out and the program is gathering momentum.

The ER Program is intended to cover those functional areas which are not subject to the CA Program, either because they are inherently governmental in nature or have been exempted from consideration, such as core logistics functions. The ER process is essentially that of the CA Program except that it ends with the development and implementation of the in-house most efficient organization (MEO).

Defense Regional Interservice Support (DRIS)

The DRIS Program provides a mechanism for improving the performance of support functions within specified geographic regions. Through the use of Interservice Support Agreements (ISSA) and a consolidation of contracting efforts, the government can avoid costs that are inherent in the duplication of effort among activities.

The Marine Corps currently has 616 ISSAs in effect. In 210 agreements, the Marine Corps is providing support to DoD and other government agencies valued at $18 million. In the remaining 406 agreements, the Marine Corps is the recipient of $29 million in support. As an example, MCLB, Barstow provides laundry service support to the following: Edwards AFB; AF Hospital, Edwards AFB; Army National Training Center, Fort Irwin; Navy Regional Medical and Dental Center, Camp Pendleton; MCAS El Toro; and 831st Air Division, George AFB. Barstow receives support from Fort Irwin in the nature of postal service, fire and police protection, and several other administrative areas.

Recognizing the potential for savings from this program, the Marine Corps will continue its effort to identify functions that could be consolidated with other activities and procedures that could be initiated to avoid unnecessary duplication of effort.

FUNDING OVERVIEW

I will turn now to a discussion of the details of the FY 1986 O&MMC request.

MARINE CORPS "GREEN DOLLARS"
FISCAL YEAR 1986 PRESIDENT'S BUDGET
BY APPROPRIATION

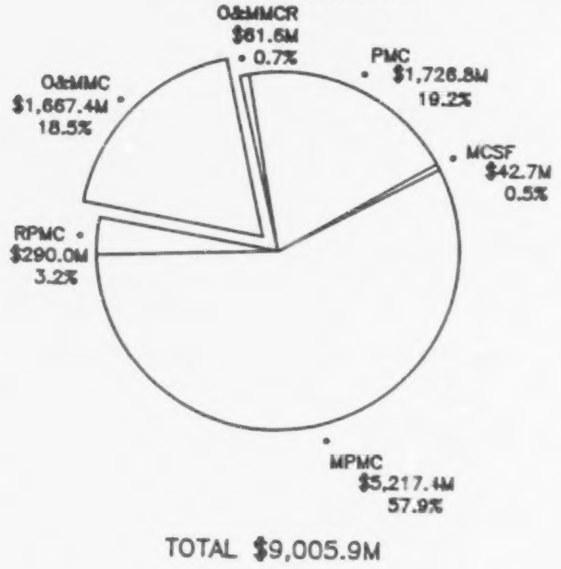


CHART 1

As Chart 1 indicates, the O&MMC request is $1.667 billion, which represents 18.5 percent of the Marine Corps' FY 1986 "green dollar" appropriation request.

These funds maintain the combat readiness and rapid deployment capability of two Fleet Marine Forces, composed of three Marine Amphibious Forces task organized from three Marine Divisions, three Marine Aircraft Wings and three Force Service Support Groups. O&MMC funds also support Marine detachments afloat and security forces assigned to Naval Stations and other Government activities ashore. O&MMC-funded shore facilities supporting the Fleet Marine Forces (FMF) and other training functions include four major ground unit support bases, ten air installations, two recruit depots, two logistics bases, two landing force training commands, and a development and education command.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BUDGET ACTIVITY SUMMARY

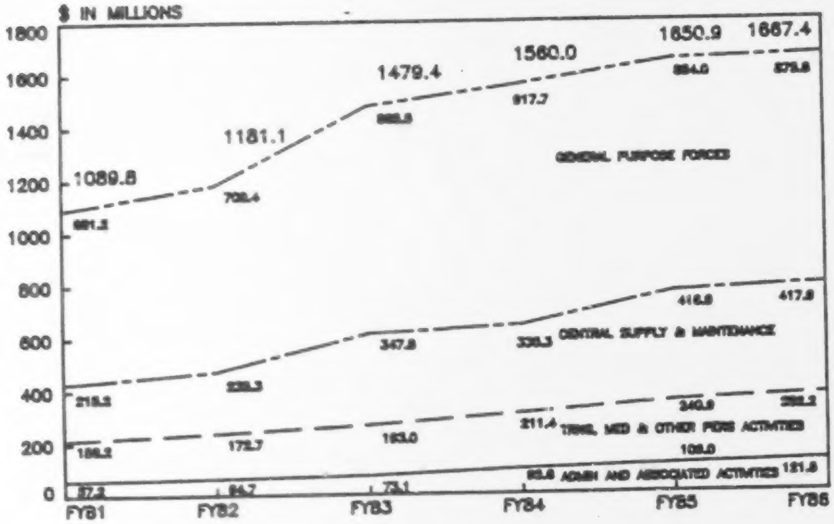


CHART 2

Chart 2 displays the trend in O&MMC funding since FY 1981. During this period, the appropriation has received steady and, at times, dramatic funding increases. Of special note is the almost

$300 million increase for fiscal year 1983, which provided substantially increased funding in the following areas: Fleet Marine Force Support: (+$72 million), for the purchase of initial issue items (+$16.6 million) and the operation and maintenance of newly fielded equipment (+$13 million); Logistics Support, (+$37 million), primarily for the bulk fuel system and major end item upgrades; Prepositioning Programs (+$32 million), for providing the initial funding for the Maritime Prepositioning Ships program; and Depot Maintenance (+$47 million), to perform necessary depot-level maintenance to eliminate backlogs on principal and secondary items as well as to install equipment modifications.

Moreover, $36 million in additional funding was provided for real property maintenance in order to begin containment of facility Backlog of Maintenance and Repair (BMAR) as well as to meet the increasing costs of utilities.

As indicated in Chart 2, the growth in funding was sustained in fiscal years 1984 and 1985. In fiscal year 1985, of the total growth of $90.9 million, $27.2 million was the additional funds provided by Congress to satisfy Maritime Prepositioning Ships program requirements.

However, this positive funding trend is reversed in fiscal year 1986.

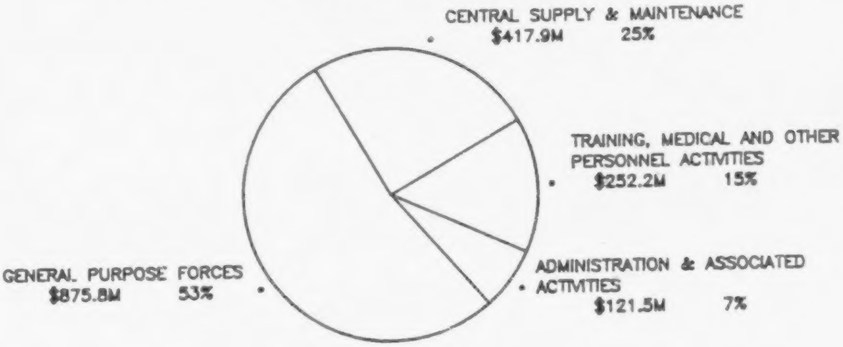
DISTRIBUTION BY BUDGET ACTIVITY

The third chart depicts the distribution of this year's request among the four Budget Activities which comprise the operation and maintenance appropriation for the Marine Corps.

When compared to the fiscal year 1985 program adjusted for inflation, the Marine Corps fiscal year 1986 request experiences a negative real growth of 1.3 percent.

Through the years, at this macro-level view, the appropriation has experienced relative stability among the Budget Activities as total funding levels have increased. However, in the past two years, significant increases have occurred in Administration and Associated Activities, which will be discussed in detail later.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BY BUDGET ACTIVITY



TOTAL $1,667.4M

BUDGET ACTIVITY	FY1985	FY1986	FY85–86 %GROWTH	%REAL GROWTH
GENERAL PURPOSE FORCES	884.0	875.8	−1.0	−5.0
CENTRAL SUPPLY & MAINTENANCE	416.9	417.9	+0.2	−4.0
TRAINING, MED & OTHER PERS ACTIVITIES	240.9	252.2	+4.7	+0.4
ADMINISTRATION & ASSOCIATED ACTIVITIES	109.1	121.5	+11.4	+6.8
TOTAL	1650.9	1667.4	+1.0	−1.3

CHART 3

This chart indicates that direct support to the Fleet Marine Forces (FMF) receives the majority, 53 percent, of requested funds. In addition, the support represented by such Central Supply & Maintenance areas as depot maintenance, logistics support to FMF, and the provisioning of supplies, equipment, and contract maintenance for the Maritime Prepositioning Ships program, also supports the operating forces. Additionally, the majority of funds expended in the Training, Medical, and Other General Personnel Activities Budget Activity supports the FMF indirectly.

From this chart it should be noted that the fiscal year 1985 total of $1,650.9 million reflects a supplemental of $10.6 million above the appropriated $1,640.3 million. This supplemental is being requested to fund the fiscal year 1985 civilian pay raise of 3.5 percent.

The fiscal year 1986 $16.5 million increase consists of a net $10.3 million increase for OSD approved inflation increases and annualization of the fiscal year 1985 civilian pay raise. Also included are offsets for the fiscal year 1986 five percent civilian personnel pay reduction of $13.7 million and reduced industrial fund rates to be charged customers based primarily upon anticipated improvements in economic conditions. In addition, fiscal year 1985 prices charged the operation and maintenance appropriation by the Marine Corps Stock Fund will be reduced in fiscal year 1986 by 53.8 percent. Total program increases of $114.0 million are offset by program decreases and one-time fiscal year 1985 costs of $107.0 million resulting in a net program increase of $6.3 million.

The fiscal year 1986 request includes the migration of $15.3 million from the Procurement, Marine Corps appropriation because of revised expense/investment criteria. Considering this migration, the operation and maintenance appropriation experienced a real program decrease of $37.5 million, or minus 2.2 percent real growth.

It should be noted that two budget activities experience significant declines in real terms: Forces (-5.0 percent) and Central Supply and Maintenance (-4.0 percent).

Expense/Investment Criteria

The largest single increase in this year's request over fiscal year 1985 is the $15.3 million for the proposed migration of selected items from PMC to O&MMC. This funding responsibility migration stems from proposed changes in expense/investment criteria issued late last year by the Office of the Secretary of Defense. Under the new criteria, all items that are not subject to centralized item management and accountability are to be funded by the operation and maintenance appropriation, regardless of unit value. That is, the $3,000 unit cost criterion no longer is to be used to determine the break between funding by O&MMC and the procurement appropriation. Instead, the criterion of centralized item management was expanded to include program management as well as inventory control considerations.

In deciding upon which specific items to migrate to the operation and maintenance appropriation, the Marine Corps reviewed all applicable commodity areas. In the course of this review, those items which by their nature still require centralized item management control remained with the procurement appropriation. Accordingly, the Marine Corps has transferred funding responsibility from PMC to O&MMC for the following items of equipment:

Command Support Equipment, such as laundry, dry-cleaning, buildings and ground maintenance, and utilities equipment as well as office equipment for office automation, reproduction, and microform ($4.8 million).

Automated Materials Handling Equipment, such as automatic retrieval, preservation and packaging, and rack and bulk storage equipment ($4.3 million).

Automated Data Processing (ADP) Equipment, to include replacement for obsolete peripheral equipment such as terminals, printers, punch card machines, micro-fiche readers, magnetic tape drives, systems software, and continued buyout of leased ADP equipment ($6.2 million).

Budget Activity Distribution of Transfer-PMC-to-O&MMC

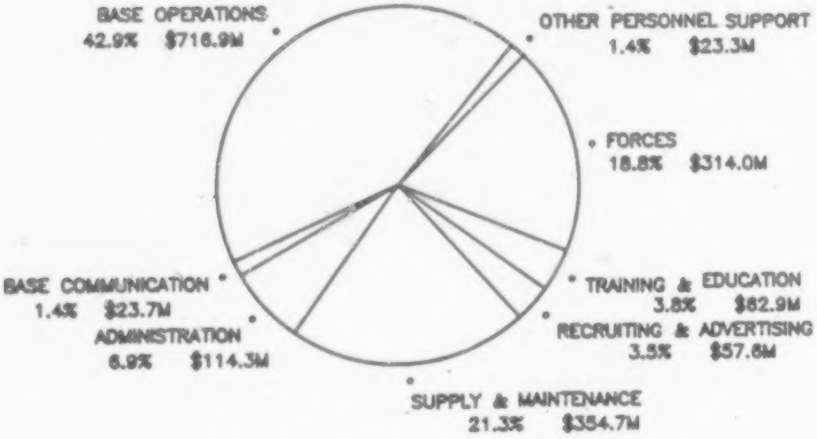
B. A. #	Title	Dollars in Millions
2	General Purpose Forces	4.1
7	Central Supply and Maintenance	4.0
8	Training, Medical & Other	1.1
9	Administration & Associated Activities	6.1
	TOTAL	15.3

DISTRIBTUION BY DECISION UNIT

Depicting the appropriation by Decision Unit, Chart 4 presents a clearer picture of how the funds will be spent.

The remainder of this presentation will focus on the application of funds at this level of detail.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BY DECISION UNIT



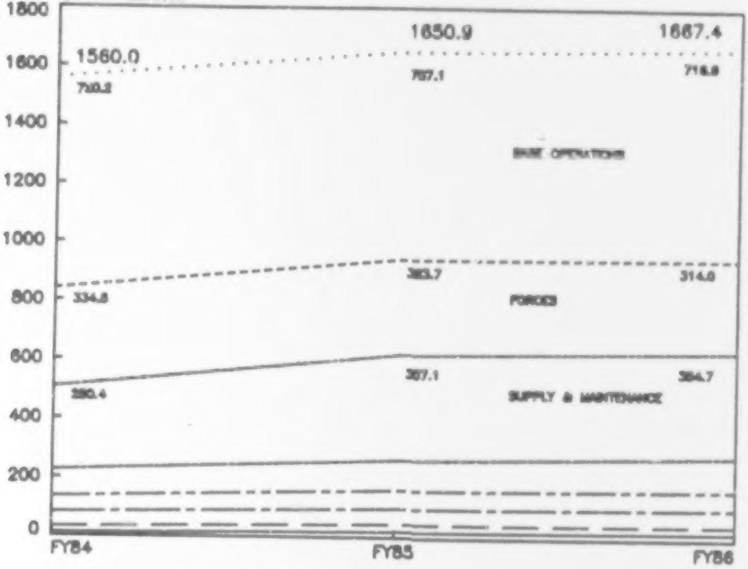
TOTAL $1,667.4M

CHART 4

At this level, it is apparent that the largest single user of funds is Base Operations, almost 43 percent of the total appropriation. The 18.8 percent for Forces represents only those funds provided directly to the FMF; as indicated earlier, the bulk of O&MMC funding directly or indirectly supports the FMF.

Chart 5 depicts the fiscal year 1986 request by Decision Unit compared to the fiscal years 1984 and 1985. While the details associated with each of these will be subsequently presented, overall trends may be noted.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
DECISION UNIT SUMMARY

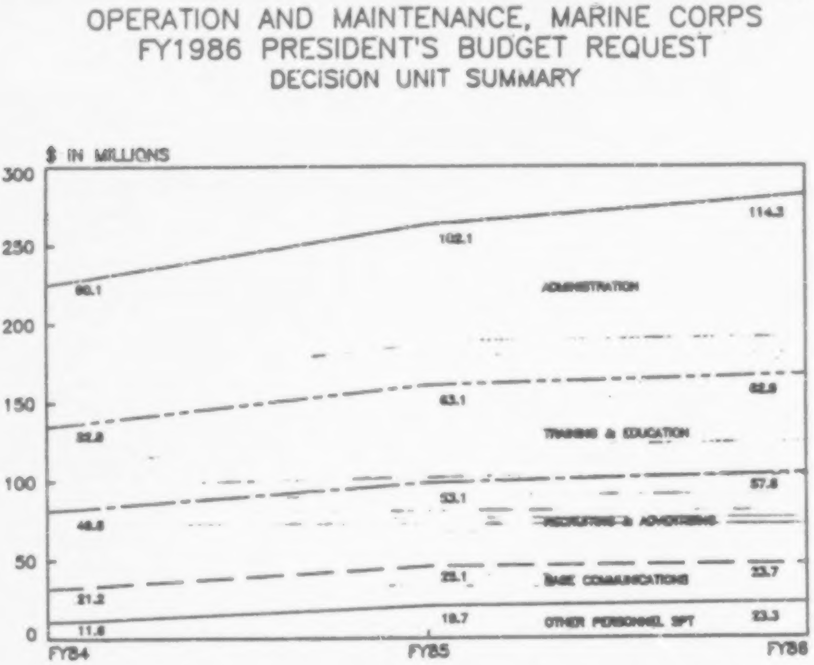


DECISION UNITS TOTALING LESS THAN $300M ARE DETAILED ON NEXT CHART

CHART 5

First, Base Operations declines significantly, in real terms, from fiscal year 1984. Forces funding has generally declined since 1984. The revised fiscal year 1985 Forces funding profile reflects the program reductions of last year as well as a requested reprogramming action to accommodate increased transportation costs. The fiscal year 1986 lower funding level is primarily related to reduced stock fund prices for 1986 and the effects of declining inflation. The large increases for Supply and Maintenance are primarily caused by three areas: Prepositioning Programs; Depot Maintenance; and Transportation of Things.

Chart 6 depicts the five remaining Decision Units, whose combined total is less than $300 million.



DECISION UNITS TOTALING LESS THAN $300M ARE DETAILED HEREIN

CHART 6

The most significant development reflected on Chart 6 is the 11.5 percent increase in fiscal year 1986 over fiscal year 1985 for Administration. This area will be discussed in detail later, but it should be noted that $6.1 million, or one half of the increase, results from the expense/investment migration discussed earlier. It should also be noted that two of the four remaining Decision Units displayed on Chart 6 actually experience funding decreases in fiscal year 1986.

Base Operations

The fiscal year 1986 request of $716.9 million for Base Operations is 42.9 percent of the total appropriation.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BASE OPERATIONS

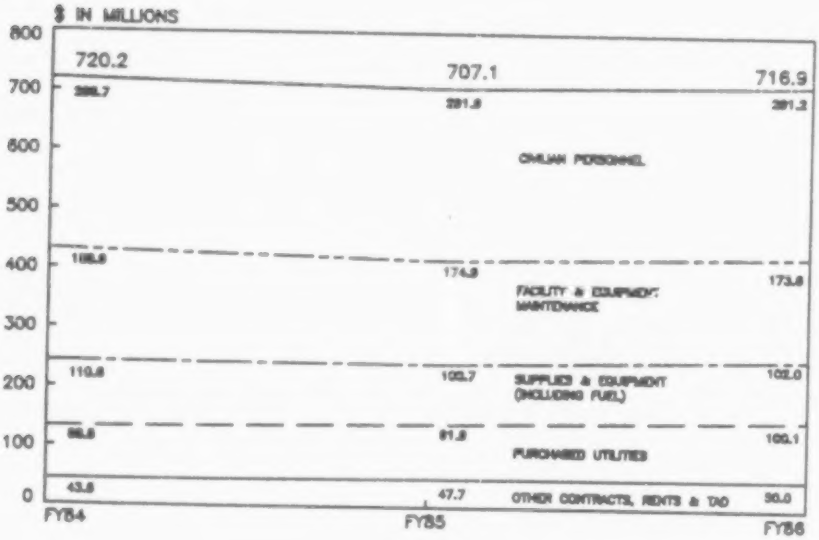


CHART 7

Of the net $9.8 million increase over 1985, $7.1 million is associated with price growth and only $2.7 million is net program growth. The substantial decline, in real terms, from fiscal year 1984 to fiscal year 1986 is due primarily to reduced funding for Maintenance of Real Property (MRP).

Civilian Personnel. As indicated earlier, costs for Base Operations tend to be relatively fixed in the short-term since 40.6 percent of the costs are associated with civilian personnel. Major changes affecting civilian personnel costs in 1986 are $1.7

million for an additional 127 personnel, -$.4 million planned for the two percent reduction in high grade civilian personnel, and -$.4 million and minus 32 end-strengths as a result of the Efficiency Review Program. In addition, annualization of the fiscal year 1985 pay raise requires $3.6 million, while $3.9 million is required for the fiscal year 1986 effect of Foreign National Indirect Hire pay raises. Offsetting these increases is -$8.9 million for the fiscal year 1986 five percent civilian personnel pay reduction.

The additional 127 civilians are required to support the following functions:

Airfield Operations (32). Electronic mechanics for new/additional CH-46, AH/UH-1, AV-8B, and A-6E aircraft simulators; maintenance support for RATCC Radar Approach Control; Bombing range maintenance personnel; and air traffic controllers.

Aviation Supply Warehousing Operations (30). Increased supply support to the Naval Air Rework Facility at Cherry Point, North Carolina caused by the assignment of maintenance responsibility for F-4 aircraft and the transition period associated with AV-8B aircraft. In addition, new field activity management of Navy Stock Fund items increases supply support workload.

Fire Fighters(23). To provide a ladder company to protect new high-rise construction on Okinawa and an engine company at the remote Mountain Warfare Training Center.

Local Television Signal Distribution System (LTDS) (5). Support for expanded use of LTDS within the Marine Corps in support of televised training and command information programs.

Navy Civilian Personnel Data System (NCDPS) (7). Personnel to support introduction of the NCPDS in the Marine Corps.

Central Design and Programming Activity (6). Additional support for Data Base Management System (DBMS) to assist in development and implementation of the Marine Corps Standard Supply System/Standard Accounting, Budgeting, and Reporting System (M3S/SABRS).

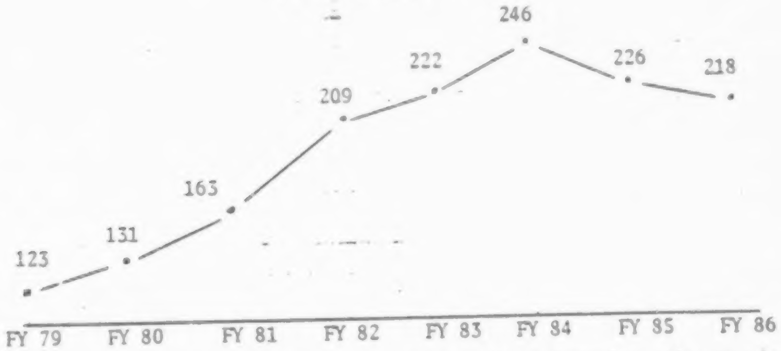
Other Base Operations (24). Additional civilian personnel are required for additional workload due to the Prompt Payment Act, operation and maintenance of Weapon Impact Scoring System, Family Service Center on Okinawa to correspond with increased accompanied tours, and training simulator maintenance at Marine Corps Engineer School.

Facility/Equipment Maintenance. Funding of $173.6 million is requested for contractual repair, maintenance, and minor construction of buildings and grounds, including storage areas, railroad trackage, and roadways, as well as installed equipment. These funds are approximately 25 percent of base operating support.

This year an increase of $1.3 million is required to maintain the additional facilities provided by the military construction and Japanese Facilities Improvement Program (JFIP) funds. Requested funding for minor construction of $23.6 million includes an increase of $2.3 million for upgrading of classrooms at Officer Candidates School, Quantico and the Recruiter School, San Diego; expansion of the Child Care Center at San Diego, and improvements to dining facilities at various activities.

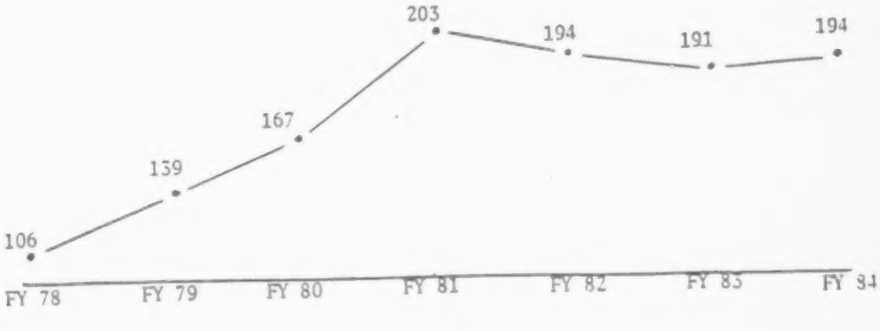
Backlog of Maintenance and Repair. The chart below shows maintenance and repair funding since fiscal year 1979.

MAINTENANCE AND REPAIR FUNDING
($ MILLIONS)



In spite of maintenance and repair funding levels, the Marine Corps has not achieved the desired Backlog of Maintenance and Repair (BMAR) levels. The chart below depicts growth and subsequent relative stabilization of BMAR since fiscal year 1978.

BMAR HISTORY
($ MILLIONS)



The data on this chart, however, does not represent the actual conditions of our bases.

We have been able to keep pace with our "new" maintenance and repair work that must be done each year and, on top of that, we have made a substantial dent in our "real world" BMAR.

While BMAR is one indicator of the condition of our bases, its measurement is obviously inexact and must be considered with other indicators. Perhaps the best indicator of the condition of our bases is personal observation. I have seen great improvements myself; I think this personal observation supports this conclusion.

It is clear that the current method of displaying BMAR does not accurately portray the progress made in reducing BMAR nor correctly predict the relationship between BMAR and the funds expended for maintenance and repair.

The Marine Corps is pursuing the development of a new methodology which will better predict the relationship of funding to the reduction of actual BMAR. In the interim, it is obvious, however, that the reduction in maintenance and repair funding in fiscal year 1985 and fiscal year 1986 will not produce the desired downward BMAR trend.

Supplies and Equipment. The funding requirement of $102.0 million, a net $1.3 million increase from 1985, includes negative price growth of $4.6 million primarily because of reduced stock fund prices. The major program change was $8.7 million of the $15.3 million migration from the procurement appropriation because of revisions to the expense/investment criteria.

Under the Personnel Support Equipment (PSE) program, modernization and upgrade of barracks, bachelor officer quarters, mess decks and administration spaces continue. The fiscal year 1985 funding level reflected a 5 percent increase from fiscal year 1984, but the fiscal year 1986 program reflects a decrease of $2.7 million (14 percent).

In fiscal year 1985, the Food Preparation and Serving Equipment program was decreased 6 percent from the fiscal year 1984 level. The fiscal year 1986 level reflects a further 19 percent decrease ($-1.0 million). The recent level of funding for these items has satisfied the recurring requirements; however, as dining facility modernization projects are approved, Food Preparation and Serving equipment requirements will increase.

In addition to the above items, Base Operations funds for the majority of collateral equipment needed to outfit both military construction and Japanese Facilities Improvement Program (JFIP) funded programs. Funds budgeted through fiscal year 1986 have satisfied the respective requirements. With the increased military construction and JFIP facilities scheduled for completion in fiscal year 1987 and subsequent years, corresponding additional funds will be required for the collateral equipment.

In addition, $.6 million is requested to support purchase of improved fire fighting equipment.

Purchased Utilities. As a result of increased utility rates, an additional $3.9 million is requested. This increase is partially offset by $1.8 million in savings generated by energy conservation efforts. In addition, $6.1 million is required for utilities at new facilities being occupied in fiscal year 1986.

Other Contracts and Miscellaneous. The $2.3 million increase in this area is primarily comprised of $1.9 million in price growth offset by one-time costs in fiscal year 1985 of $.7 million for structural and earthquake safety studies. Moreover, $.3 million was also saved by discontinuation of contracted shuttle bus service. An increase of $2.1 million is requested to support the Commercial Activities Program, which had been reduced in fiscal year 1985.

Except as noted concerning the reduced funding for the maintenance of real property, these requested funds represent the minimum funding necessary to properly operate and maintain Marine Corps installations.

Forces

As Chart 8 indicates, a total of $314.0 million is requested to provide direct support to the operating forces in fiscal year 1986, a decrease of $9.6 million from fiscal year 1985. Net program increases of $11.6 million are offset by negative price growth of $21.2 million, reflecting the large price reductions associated with purchases of Marine Corps Stock Fund materiel.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
FORCES

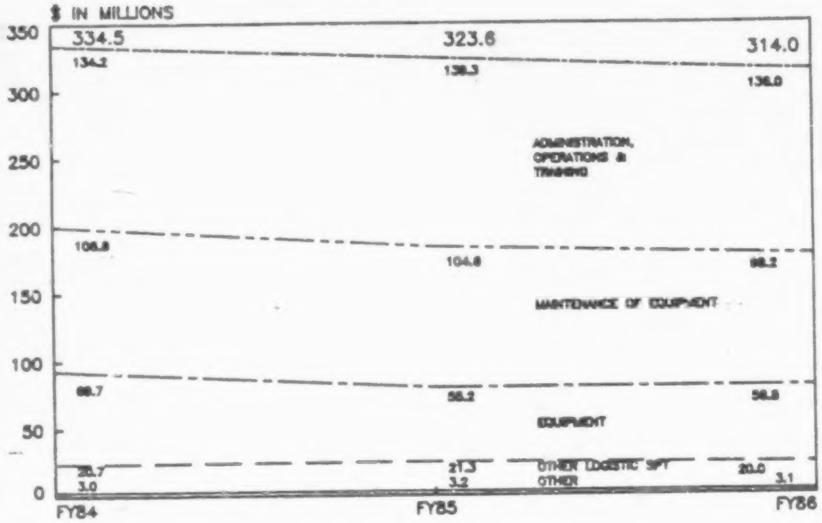


CHART 8

Administration, Operations and Training. The net decrease of $2.7 million includes reductions for negative price growth of $8.7 million and $1.4 million for the elimination of funding for Near Term Prepositioned Force (NTPF) exercises, since the Marine Corps portion of NTPF will be relieved during the first quarter of fiscal year 1986 by the second MPS squadron. An addition of $7.0 million is required to provide for the operational exercising of the first two MPS squadrons. In addition, an increase of $.5 million is requested for scheduling changes in the Unit Deployment Program.

Maintenance of Equipment. The net decrease of $6.4 million is caused by price reductions of $6.7 million and a $4.1 million reduction for the maintenance of NTPF assets offset by an additional $1.6 million required for the maintenance of equipment prepositioned aboard the MPS ships and in Norway. In addition, an increase of $2.8 million is required for the operation and maintenance of new equipment being provided the operating forces, including the Modular Universal Laser Equipment (MULE), the Light Armored Vehicle (LAV), the Position Location Reporting System (PLRS) and the High Mobility Multi-Wheeled Vehicle (HMMWV).

Equipment. An additional $1.6 million is requested to provide equipment to the operating forces. Price reductions of $2.4 million and audit savings of $2.2 million are offset by an additional $3.7 million for the initial issue of expense-type equipment and $3.0 million to outfit newly activated units (a third LAV Battalion, an additional 155MM Howitzer Battalion, and two additional 155MM Self-Propelled Howitzer Batteries).

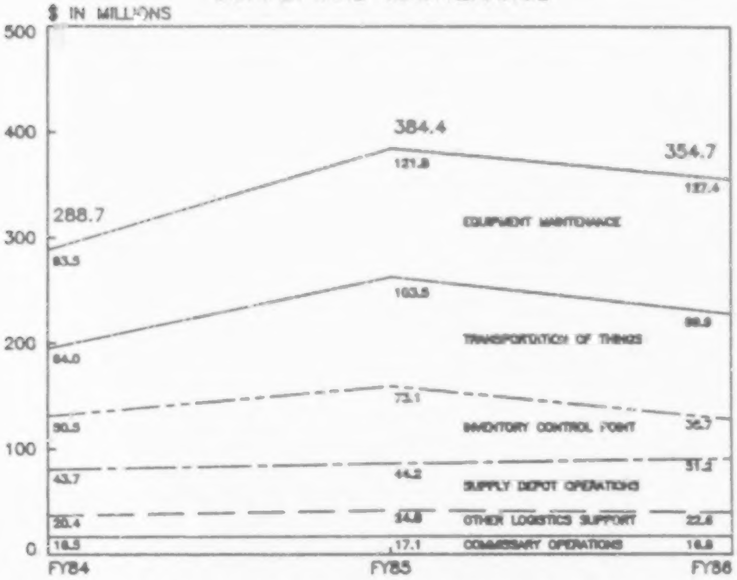
Other. The remaining changes to the Forces program are essentially price reductions of $1.8 million.

Central Supply and Maintenance

Excluding the fiscal year 1985 effects of the $27.4 million reduction for the Stock and Industrial Fund pass-through account, this area reflects a net decrease of $29.7 million, including negative price growth of $6.1 million.

The majority of the program changes is associated with reduced supplies, equipment, and transportation requirements for the Maritime Prepositioning Program in fiscal year 1986.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
SUPPLY AND MAINTENANCE



DOES NOT INCLUDE STOCK AND INDUSTRIAL FUND SUPPORT

CHART 9

Equipment Maintenance. In order to maintain a zero-backlog of depot-level maintenance and modification installations as required by Defense Guidance, an additional $9.6 million is required. These funds will permit modifications primarily to the M60A1 Tank, and the HAWK and TOW missile systems.

Transportation of Things. The net $3.6 million decrease from fiscal year 1985 is comprised of a net negative program growth of $4.1 million offset by price growth of $.5 million. The major reduction of $19.3 million is related to changes associated with the MPS program. The fiscal year 1985 program provided for the transportation and port handling cost for the first two MPS squadrons.

In fiscal year 1986, the primary effort will be the load-out of the third MPS squadron. Because of the return of the NTPF assets subsequent to the relief of NTPF by MPS-2, an additional $10.0 million is required to support the redistribution of the NTPF assets. Additional funding of $5.3 million is required for transportation of increased ammunition deliveries as well as continuation of the 5-Ton Truck Retrofit Program.

Inventory Control Point. The reduction of $36.4 million for Inventory Control Point operations stems primarily from a reduction of $34.0 million in the purchase of MPS supplies and equipment and $2.1 million as a result of planned completion of software development in inventory management, stratification, and technical data subsystems of M3S.

Program increases include $1.4 million for the full year costs of 75 civilian personnel approved for fiscal year 1985 and $.8 million for an additional 54 civilian billets to support logistics management, the Weapons System/Equipment Management Program, contracting support, and spare parts management.

Supply Depot Operations. Changes in the Supply Depot Operations are primarily caused by an additional $7.8 million required to support full year contract maintenance for the first two MPS squadrons plus the start-up and initial contract maintenance for the third MPS squadron.

Other Logistics Support. The major changes from fiscal year 1984 to 1986 for Other Logistics Support are: -$2.4 million reduction in Contractor Engineering Technical Services (CETS) due to slippages in fielding dates for some radar and communications equipment, removal of equipment from the inventory, and reduction of man-months on existing equipment; -$1.2 million reduction in the financed backlog of services purchased from Navy's industrially funded activities; increased funds of $.3 million for technical and logistical support of the M60 Mine Plow; and $1.0 million price growth.

Training and Education

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
TRAINING AND EDUCATION

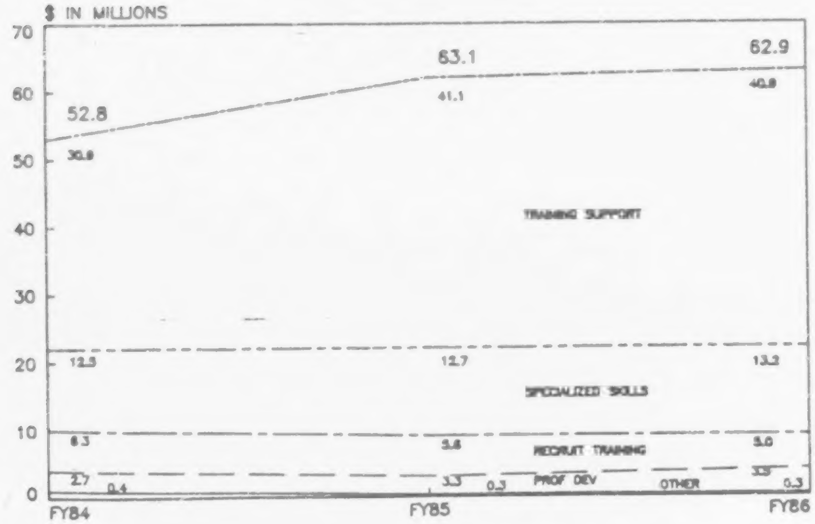


CHART 10

The fiscal year 1986 program represents an essentially level program from fiscal year 1985 with the following basically offsetting major changes: an increase of $1.3 million for annualization of salaries for 88 civilians approved in FY 1985; an additional $.5 million for increases to the Individual Training Standards Program; a reduction of $1.8 million for Factory Training; and a reduction of $1.0 million for supply support to Recruit Training.

Recruiting and Advertising

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
RECRUITING AND ADVERTISING

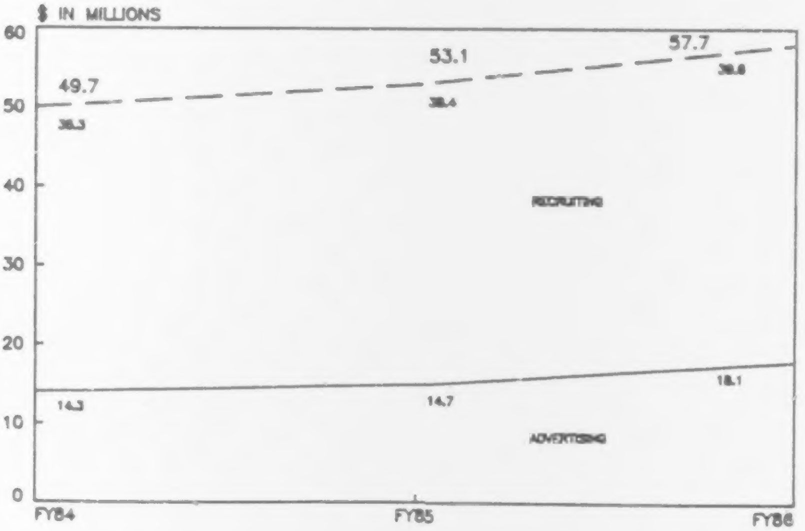


CHART 11

These funds support the efforts of our recruiters to enlist the requisite number of young men and women with the appropriate skills and potential to effectively serve in today's Marine Corps.

The following increases are necessary to sustain our recent recruiting success, given the changing demographic and economic environment: $.3 million to lease an additional 55 vehicles to support recruiters in the decentralization of their efforts from urban to suburban recruiting stations; $2.8 million for increased advertising support to attract higher quality accessions; and $1.6 million for price growth.

Other Personnel Support

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
OTHER PERSONNEL SUPPORT

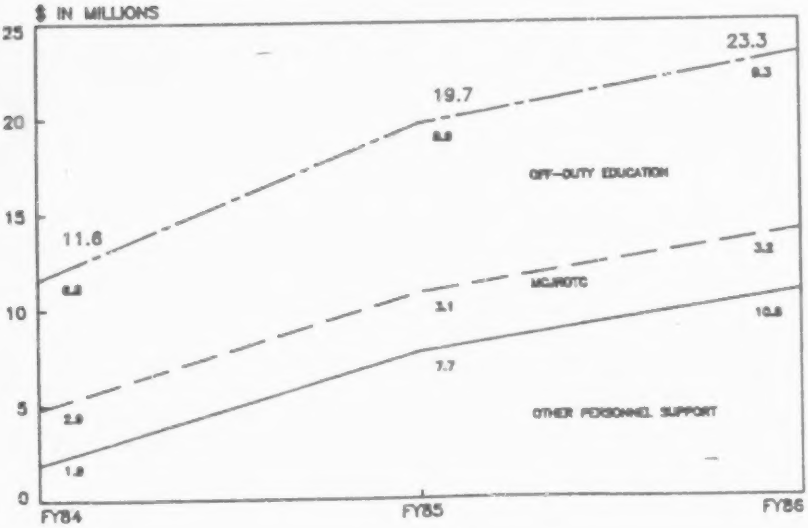


CHART 12

Other Personnel Support funds the Marine Corps Junior ROTC program at 75 secondary schools, a variety of off-duty education programs, operation and maintenance support for Marine prisoners confined at Fort Leavenworth, support of the Marine Band at the Marine Barracks, Washington, DC, and reimbursement to the Veterans Administration for the Marine Corps' share of the Veterans Educational Assistance Program (VEAP). Except for a $3.0 million increase for VEAP, all increments to this Decision Unit in fiscal year 1986 are related to cost growth.

Administration and Associated Activities

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
ADMINISTRATION

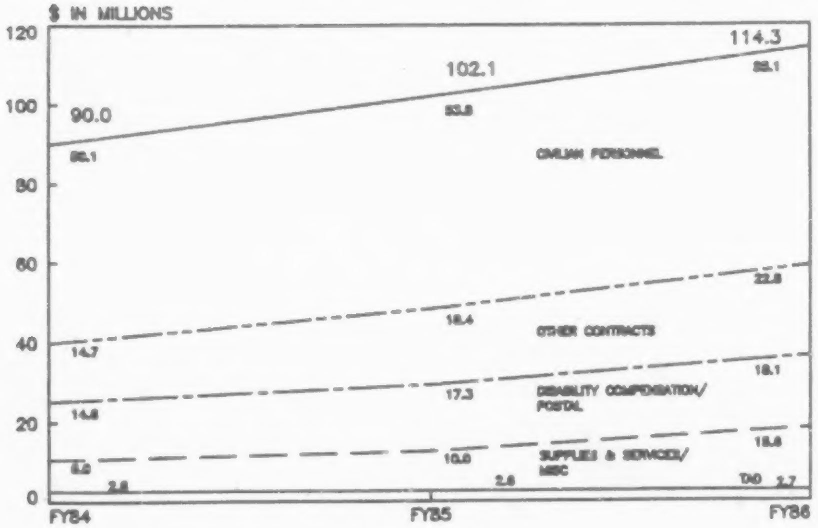


CHART 13

These funds represent the relatively fixed costs associated with the operations of Headquarters, Marine Corps (HQMC), the Marine Corps Personnel and Support Activity (MCPASA), the Marine Corps Central Design and Programming Activity (MCCDPA), and the Marine Corps Finance Center (MCFC).

This area is labor intensive, with 48 percent of the funds used for civilian personnel. Distorting this year's funding request is an increase of $6.1 million caused by the migration of funds from the procurement appropriation because of the revised expense/investment criteria.

Because of the continuing concerns over the growth of management headquarters, funding increases for these functions receive especially close screening.

Headquarters, Marine Corps, the Marine Corps Personnel and Support Activity, the Marine Corps Central Design and Programming Activity, and the Marine Corps Finance Center provide centralized policy, direction and support to Marines worldwide. The Marine Corps is aware of the requirement to carefully manage its overhead costs in the form of management headquarters. Continued attention is focused on decentralization wherever feasible and practical. Nonetheless, costs associated with this area continue to increase as a price of increased computer support, systems development, and associated costs remaining concentrated at the headquarters level, especially in order to satisfy information requirements imposed external to the Marine Corps.

Civilian Personnel. Included in the $1.3 million net increase in fiscal year 1986 for civilian personnel is $2.3 million for the full-year effect of the 181 civilians approved in fiscal year 1985.

In fiscal year 1986, an additional 44 civilians are requested for support of the Prompt Payment Act and increased centralization of Marine Corps disbursing operations at the Finance Center; to assist in force structure management, contractor support, equipment acquisition, supply sytem support, project management, and the Data Information Resource Management Program at Headquarters and at MCPASA.

These funding increases are partially offset by $1.6 million for the 5 percent civilian pay reduction.

Other Contracts. An increase of $4.4 million (including $.8 million for inflation) is required to continue development of SABRS and the Marine Corps Air Ground Task Force (MAGTF) Lift Model.

Disability Compensation. Increase of $.8 million related to price growth.

Supplies and Services. Increase of $5.9 million for equipment purchases resulting from expense/investment criteria revision is partially offset by $.3 million price reductions.

Base Communications.

Price growth of $.7 million is offset by reductions of $2.3 million for one-time fiscal year 1985 major cable replacements and cable plant upgrades. A civilian increase of 10 is to support consolidation of AUTODIN terminals into a Naval Telecommunications

Center to be manned by the Marine Corps Finance Center. An additional 3 civilian telephone operators are requested for Marine Corps Air Ground Combat Center, Twentynine Palms, California, for its new digital telephone system which includes an additional operator station requiring continuous manning.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BASE COMMUNICATIONS

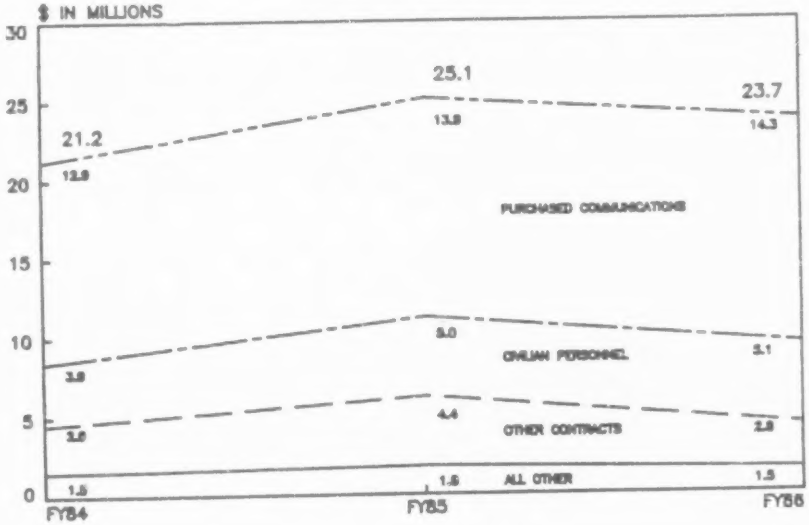


CHART 14

SUMMARY

As I said at the outset, the Operation and Maintenance, Marine Corps budget has but one principal purpose -- the improvement of our combat capability. Approximately 85 percent of this year's request is directed toward readiness, which confirms once again that the O&M appropriation is indeed the "Readiness" appropriation. Almost 10 percent is devoted to improved sustainability, somewhat less to modernization, and about one percent for force structure additions. The $1.7 billion requested will enable us to continue those vital readiness, sustainability, modernization, and force structure programs that are well underway and from which we are now beginning to reap the benefits in military capability.

We must continue to be concerned with the level of readiness support in maintenance of real property, personnel support equipment, and the operations and training of our forces. Concurrently, we must also ensure that there is a proper dollar relationship between the modernization programs contained in the procurement appropriation and the operation and maintenance demands these programs beget. Finally, we must be mindful of the less obvious but equally important areas of readiness and sustainability which must be continued apace to maintain the military capability we have so assiduously gained.

Throughout the process I can assure you that we will continue to seek every means to effect economies and efficiencies so that the tax payers' dollars, which you have entrusted to us, will be paid back in a stronger, more combat ready Marine Corps.

We share one vital interest - National Defense. Your support will see to it that the United States Marine Corps is and will continue to be the cutting edge.

Senator HUMPHREY. Thank you, General Crist.

Commodore, what is your level of confidence that the O&M request for 1985 and those projected for the rest of the 5-year defense plan are adequate to cover the introduction of new equipment?

Commodore RIENDEAU. Well, sir, I have a high degree of confidence that our current and projected funding is adequate. As you are aware, the projection of the actual O&M cost in the outyears is far from being a science. It is an art form. For instance, if we were to project out a 3-percent pay raise or a 5-percent pay reduction, it skews the numbers in the outyears badly.

We intend to follow the same proportionate type of funding for readiness that we have followed for the last 4 years, which we see at this point is taking us in the right direction. I do not personally get too much concerned about those outyear numbers, because so many things—inflation indices and those types of things—affect it.

But what we do very carefully is, when we work our POM—and as you know, we are working the 1987 POM right now—the O&M numbers will be adjusted to take care of whatever perturbations there are in the program that are different from what we projected in the FYDP. So overall, I have a very high confidence level that we have a proper projection.

Let me just point out one other thing. It is very hard to take a look at the inventory and say, gee, that many airplanes or that many ships should cost so many dollars, because we are paying engineers and scientists a lot of money right now to design for us things that will be more easily maintained.

Two examples are the improvements that we have seen in the mean time between failure in the F/A-18 over its sister the F-14—I am an F-14 fan from way back, but the F-18 is really doing well, and our Aegis cruisers, where we are seeing a similar improvement in the Spy 1 radar.

Another aspect of improvement is—and I will use the Aegis cruiser again—is that as we design better, more maintainable solid pieces of equipment; we require a whole lot less manning. Our old cruisers had, for instance, a crew of about 1,600. On the Aegis ship I believe it is about 700, somewhere in that area.

So those things are factored in as we do look out, sir.

Senator HUMPHREY. I want to ask you one more time. I realize there are a lot of variables in these projections, but isolating just the one element of whether you are adequately allowing for the introducing of new equipments, you still feel confident that the 1986 and outyears are adequately allowing for that new equipment?

Commodore RIENDEAU. Yes, sir.

Senator HUMPHREY. Let me ask the same of General Crist.

General CRIST. Let me answer slightly differently, sir, and give the historical context, because, you know, fiscal year 1986 is one point on a continuum of money. As I mention in my statement, the unprecedented modernization program the Marine Corps is going through is now well past midpoint, and of course we are seeing the results of that modernization program.

The funding profile also reflects the progress made. For example, in 1980 the Marine Corps procurement appropriation was a little over $500 million. It went to a high of $1.9 billion in fiscal year 1983, and this year our procurement request totals $1.7 billion.

That is a decrease of $109 million from last year, a 10.7-percent reduction in real growth from last year. But that is to be expected.

As our major programs are completed, such as the LVT, the LAV, procurement should start to level off. I think we are seeing that phenomenon begin to materialize for the first time this year.

Of course, I think that our request that we have is where we should be. We are very confident in our outyear projections, as well. But we should maintain the level we are at or a little less as we get to fruition.

Now, I would like to turn from that one, though, and go to O&M, because O&M as a percentage of the Marine Corps budget is already at a 4-year low. As I said, in 1980 the O&M share of the total green dollar budget was about 25.1 percent. Now we are down to 18.5 percent, which is a minimum barebones budget.

As we look at the O&M FYDP profile, in tandem now with the procurement profile, we in the Marine Corps have got to continue to be very concerned that the proper dollar relationship I mentioned to you earlier, the tails and the sorts of things in those modernization programs which are still being continued is reflected in O&M.

So the answer is, we are beginning to level out in our procurement, as we should. The O&M budget I think requires more attention to ensure that the parallelism is maintained.

Senator HUMPHREY. Well, that is my concern. You are then less than fully confident that O&M is getting its proper share of the pie, if I read you correctly.

General CRIST. I think that might be an overstatement, Mr. Chairman. I think that we have some weaknesses, certainly we know, in our O&M budget. Maintenance of real property is one of them. Support equipment is another area in which we believe there are weaknesses.

On the other hand, the level is certainly lower than I think maybe it should be. But I cannot say that at the moment it is not related to the procurement budget, because we have done a very careful split out in terms of the military capability pillars to see just where we are, and they seem to be tracking fairly well.

But it is something that I think, at least inside the Marine Corps, we have to pay careful attention to.

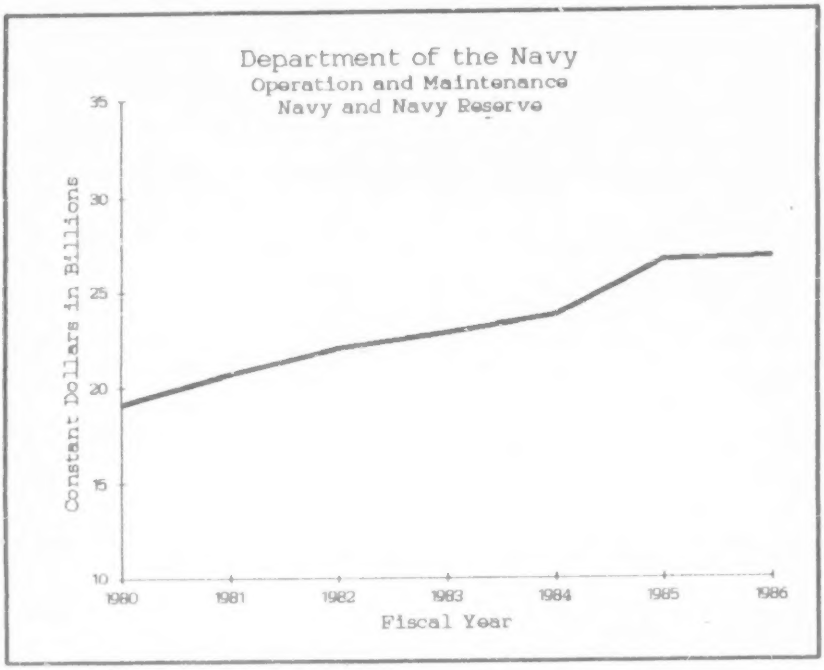
Senator HUMPHREY. I would like to make a request that both the Navy and the Marine Corps provide the subcommittee with a line-chart showing in real dollars, after inflation dollars, the level of O&M funding, actual funding, beginning in 1980 and then up through 1985 and afterwards, through 1990 to the end of the 5-year plan and anticipated requests.

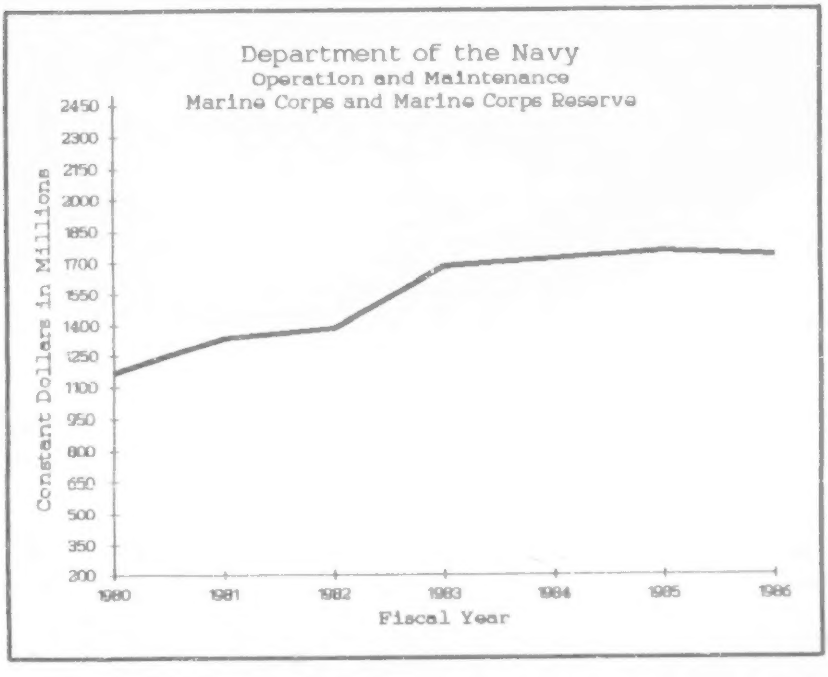
Did I explain that clearly enough?

General CRIST. Yes, sir.

[The information follows:]

The charts shown below display the level of Navy and Marine Corps Operation and Maintenance (O&M) funding from fiscal year 1980 through fiscal year 1986. In accordance with Secretary of Defense policy, funding currently projected for fiscal year 1987 through fiscal year 1990 reflects internal Department of Defense planning assumptions and cannot be released. As seen by these charts, O&M has grown over 40% in real terms during this period, permitting Department of Navy forces to operate in a vastly improved state of readiness. While significant emphasis has also been placed on other budget categories as well since fiscal year 1980, we believe that an optimum balance of funding between programs designed to build and modernize our forces and those which ensure high force readiness has been achieved.





Senator HUMPHREY. And in addition to submitting that for the record, will you also send it to me in the form of a letter, and a copy also to the ranking member, Senator Dixon, in addition to submitting it for the record.

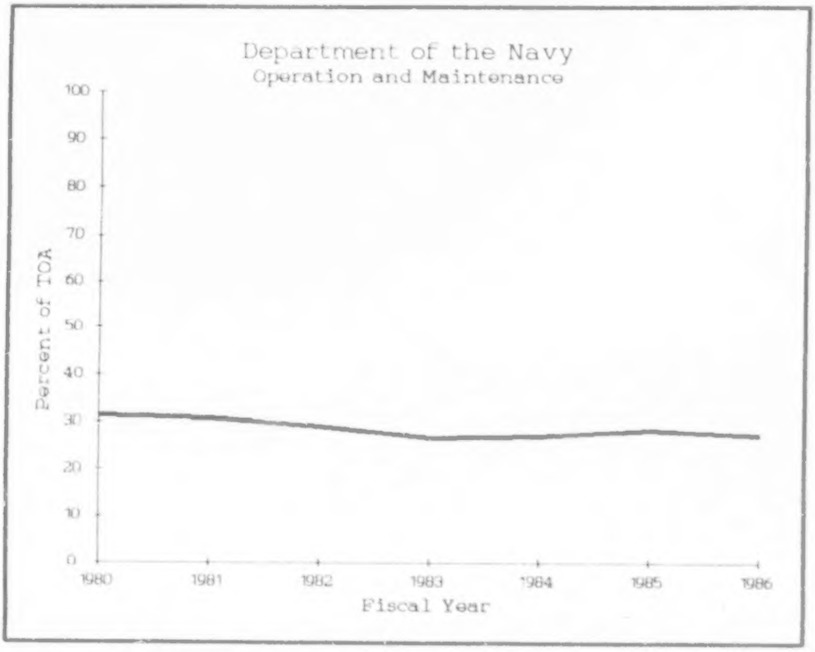
Likewise, a simple line chart showing the percentage which O&M represents of total Navy and Marine Corps, the entire Department budget, showing the percentage occupied by O&M, 1980 and anticipated through 1990. Can you do that?

General CRIST. Yes, sir.

Commodore RIENDEAU. Yes, sir.

[The information follows:]

The chart displayed below shows Department of Navy Operation and Maintenance (O&M) funding from fiscal year 1980 through fiscal year 1986 as a percent of Department of Navy total obligational authority. As discussed above, planned outyear O&M funding cannot be released. As can be seen, resources allocated to O&M, as a percent of the budget, have remained essentially level since 1980. Assessing O&M or readiness funding in this manner can be misleading, however, since, as discussed earlier, funding in real terms for this area has increased significantly since fiscal year 1980. These increases have allowed the Navy and Marine Corps to pursue important initiatives resulting in a much improved readiness posture. The emphasis on readiness will continue as we carefully optimize the balance of funding between all requirements.



Senator HUMPHREY. And also sending a copy to each of us as a letter.

CIVILIAN PAY REDUCTION

One more question before I turn to my colleague. The requests from both services anticipate a 5-percent reduction in civilian pay, is that correct?

Commodore RIENDEAU. Yes, sir.

Senator HUMPHREY. What are the implications if Congress does not approve that pay cut for the O&M budget in the Navy?

Commodore Riendeau. You say if Congress does not allow the 5 percent——-

Senator Humphrey. Fails to reduce pay. What happens to the O&M account for the Navy?

Commodore Riendeau. Well, sir, I hope that we would be looking for other sources for funding besides O&M, because—let me just point out just one thing, sir, if I may. I knew this question was going to be asked because other committees have asked it.

If I reduced $50 million, my real program growth is zero. I do not know what the total amount would be that you are looking for in O&M, but I think to fund the Department of Defense are we not talking somewhere in the area of $1.2 billion, which means, if you were going to go equal, amounts in all appropriations, you would be going after a fair amount of O&M money.

If you were going after as much as $300 million, I would have a minus 1 percent real program growth. So Congress' not supporting the pay reduction and looking for the operation and maintenance account as a source of funding would be devastating.

Senator Humphrey. Right. Well, this part of civilian pay that is covered under the O&M, do you have that figure for the Navy? Wait a minute. What I am getting at is this. How much—if Congress did not enact the 5-percent civilian pay cut and therefore Navy has to absorb unanticipated higher pay scales for those persons who come under O&M, those civilians who come under O&M, what are the dollars we are talking about?

Senator Dixon. In other words, how much is he understating the need?

Senator Humphrey. In the event that the Congress does not cut pay, how much is the need understated?

Commodore Riendeau. I do not have the exact number. It is between $250 million and $300 million, somewhere in that area. I would have to get that number for you precisely.

[The information follows:]

Including the impact of the 5-percent pay cut assumed in the development of stabilized industrial fund rates, such a budget change would increase requirements in the four O&M accounts by $369.1 million. That amount is distributed as follows:

	Direct	Ind fund	Total
O&M,N	116.3	234.0	350.3
O&M,MC	13.7	2.3	16.0
O&M,NR	2.6	0	2.6
O&M,MCR	.2	0	.2
Total	132.8	236.3	369.1

General Crist. Using your hypothesis that the pay reduction is not accepted and O&M got the privilege of eating the difference, in our case that would be $13.7 million. And with overall growth of only 1 percent and real growth minus 1.3 percent, we are going to be into the muscle of military capability.

There are only a few discretionary areas where we can go to absorb that level of decreased funding. FMF support would be one, equipment maintenance, quality of life. Obviously, all affect readiness. The operating forces, as I mentioned, is down $9.7 million from fiscal year 1985. So if I wish to take cuts here in the order of $13 million, I would have to either cancel exercises or slow down the maintenance of equipment or throttle back on the issue of new individual and combat clothing equipment for marines.

Now, if I pull funds from equipment maintenance, which is another area, I recreate my depot maintenance backlog that I have now just managed to zero out, not to mention the modifications in equipment that we have on the way. Another area that is sort of favored for this kind of thing is the maintenance and repair of real property. We have already cut that by $12.3 million. If I take more money out of that, then my facility backlog of maintenance and repair (BMAR), which stands at $194 million, will rise faster than our current level of decreased funding is going to give us.

I could go into the quality of life items.

Senator **Humphrey**. I think we get the point. I asked the question so that at least the record would show that O&M is going to be badly hurting if this pay reduction is not enacted.

Did you want to extend your remarks on that, Commodore?

Commodore **Riendeau**. Just the comment, Mr. Chairman, that $300 million is pretty close to the correct number, and the way I am postured in maintenance, I would be driven toward central supply and maintenance, and toward the flying and steaming program as the source.

We have to draw down on——

Senator **Humphrey**. Cutting muscle.

Commodore **Riendeau**. With the commitments we have today, I am not sure how we would handle it.

Senator **Humphrey**. Senator Dixon?

Senator **Dixon**. Thank you, Mr. Chairman.

As I understand it, Commodore, my staff people advise me that the total picture is $950 million. About a third of it would be the Navy's, is that right? That $300 million then would be sort of a correct rough figure?

Commodore **Riendeau**. Yes, sir, I would say that is rougly correct.

Senator **Dixon**. Now let me follow up on that a little. Now, did you have contemplated in this same budget a salary increase for military personnel?

Commodore **Riendeau**. That is included, not in the O&M budget. It is in the MPN, in the manpower budget, not in the O&M.

Senator **Dixon**. OK. And how much does that amount to? What were you contemplating? What does the budget contemplate this year? I am afraid I do not even remember, Mr. Chairman. Is it 3½?

I am advised by staff—let me walk this through the budget with you. See if this is approximately correct, that for the whole budget, if the 5-percent cut prevailed for civilian personnel it would be the $950 million figure. If the 3-percent salary increase prevailed for military, it would be a $1.9 billion figure. Is that correct?

Are those figures—I realize you are only one branch of the service.

Commodore **Riendeau**. Yes, sir, I would say I think our number is $200 million, and if my number is right then your number would——

Senator **Dixon**. I am just extrapolating here a little bit. It would sound to me, then, that roughly the 5-percent cut for the civilians is about half of the amount involved in a 3-percent increase on the military side.

Commodore **Riendeau**. I would say that sounds approximately right, Senator. So we get it exactly, though—and I am embarrassed. I thought I had that number here.

Senator **Dixon**. It is not important that we have it exactly.

Commodore **Riendeau**. I will get that for you.

[The information follows:]

MILITARY/CIVILIAN PAY RAISE

The 5% civilian pay cut for the Department of the Navy is—$374.9 million in fiscal year 1986. The fiscal year 1986 impact of the 3% military pay raise beginning 1 July 1985 for the Department of the Navy is $601.7 million.

Senator **Dixon**. The point I wanted to make, so that I have it clearly in my own mind, available for whatever discussions that might ensue later, Mr. Chairman, is that your budget, not necessarily in the same categories, but your budget contemplates a reflection of the administration's budget, of course, which would involve a 5-percent civilian cut and a 3-percent military increase.

Commodore **Riendeau**. Yes, sir.

Senator **Dixon**. And ~~the rough~~ components of that are that the civilian cut is about half of what the military increase would be in real dollars?

General **Crist**. In the case of the Marine Corps, sir—and I will verify these figures for the record—the increase attributable to the 3 percent is about $32.8 million for the regular establishment.

Senator **Dixon**. And the cut for the civilians?

General **Crist**. Is $13.7 million. So it is about 40 percent, I guess, in that range.

Senator **Dixon**. All right, good. Well, that satisfies my curiosity about that point.

Now, in your discussion, Commodore, on the depot maintenance, the charts I am looking at would indicate to me that there is a substantial increasing backlog, is that not true, over the last several years?

Commodore **Riendeau**. No, sir; there would be a decreasing backlog over the last several years.

Senator **Dixon**. Yes; that is what I asked.

Commodore **Riendeau**. Oh, decreasing.

Senator **Dixon**. I said increasing.

Commodore **Riendeau**. No; you would have a decreasing backlog over the past few years.

Senator **Dixon**. You would say there was a decreasing backlog. Well, maybe I am reading these figures wrong. Now, let us see. In 1984, fiscal year 1984, I show a backlog of $277.9 million, is that right?

Commodore **Riendeau**. Yes, sir.

Senator **Dixon**. There was a decreasing for 1985, but now for 1986 the figure indicated to me is $481.1 million. Am I reading this wrong?

Commodore RIENDEAU. No, sir; I am sorry. I am looking at total. We are looking in this area at primarily component repair and aircraft depot maintenance. To put what I said in context——

Senator DIXON. I am on page 36.

Commodore RIENDEAU. To put in context what I said, I was looking at ship overhaul program, which came down. And we do have an increase of one ship in 1985 over 1984, and that is about $80 million of that $453 million. If I take away the one SSN, I have a backlog of $353 million in the other depot maintenance area.

Senator DIXON. Now, help me a little bit in my confusion. On page 36 I show actually—the graph I am looking at here, operation and maintenance over fiscal year 1986, page 36, would seem to indicate—now let me see if I am right about that—that in every category you show an increased backlog, fiscal year 1986 over fiscal year 1984, in substantial sums.

Commodore RIENDEAU. Yes, sir; I was going back to the 1981 timeframe. But in fiscal year 1986, yes, sir, you are correct.

Senator DIXON. I am talking about recent years. Both as to ships, aircraft, and in the other categories, for a total increase of fairly dramatic proportions. I will not say doubled, but from $277 to $481 in millions.

Does that concern you, that continuing increase in depot maintenance backlogs in all equipment, naval ships, aircraft, other things?

Commodore RIENDEAU. The increased backlog of 1986 over 1985 does concern me. I was going to point out that a large piece of that is repair of repairables, and that is maintenance that is done by a contractor before items come in under our supply system support. The number that you see there is, a worst case number. It is very hard to predict, because things are new, it is very hard to predict exactly what the failure rates are going to be.

I have concern there but I do not consider that a hard number. In fact, it could come in that it would cost us about half that amount. But for budgeting purposes I did take worst case and put it in that budget. I would be comfortable, far more comfortable, sir, to have those all read zero.

But we face constant affordability problems. What I see is that in the readiness indicators, even with that increase in the backlog that you are looking at in fiscal year 1986 improve. Readiness in aircraft for instance, will go up from 70 percent to 72 percent.

Now, if we do not turn that around in 1987—and I assure you, sir, it will be turned around in 1987 but if it were to continue, then I do not think we could sustain those readiness improvements for a 2-year period. However, I am not concerned with our ability to continue improvements for at least 1 year.

And may I just add one other thing, sir. As I told you, any reduction in maintenance in the 1986 budget would really get to us, because it is tight. That is why I said to the Chairman that if we had to take a piece of that 5 percent pay restoral, I would have to take it out of the flying and steaming program, because we could not afford to do it on the maintenance side.

Senator DIXON. Now, let me pursue some other considerations here with you for a moment. If you go back and look at how Congress has cut the Defense budget over the last 4 years, one of the areas where cuts have been made is in financing adjustments: lower inflation, lower fuel prices, better contract prices. Last year we saved $7.5 billion with these types of financing adjustments without any effect on our national defense posture.

Last year at the last minute in the conference on the fiscal year 1985 defense authorization bill, the Comptroller's Office told us that they had suddenly found over $1 billion in unanticipated savings in the accounts under this subcommittee's jurisdiction that could be used to meet the congressional reduction target.

So my question is the obvious one: Did Congress remove all of that inflation dividend in your operation and maintenance and stock fund accounts in the final fiscal year 1985 authorization and appropriation bills?

Commodore RIENDEAU. I think the answer to the question is yes, and it is very hard to focus on just what those indices are going to do. We have seen a reduction in our stock fund pricing, as the General mentioned, reflected in our O&M request for the 1986 budget. As you know, the fuel could still come in less, but that has no impact on my budget because I do have to pay the budgeted——

Senator DIXON. Are you saying there is no inflation dividend left in these accounts for fiscal year 1985 at this time?

Commodore RIENDEAU. What Mr. Storey is saying, it is hard for us to answer that, because we do not set fuel prices. If there is an adjustment that can be made there, it would be made in the Defense Logistics Agency's fuel accounts, and they would have to answer that. They would be the only ones who could address that question.

All I do is budget for the number that they give me, and really do not have visibility in whether that fuel is going to come in for less than we anticipated or not. We have seen that savings, as you say, for 2 years, I guess for 3 years. Somewhere along the line that is going to bottom out.

Senator DIXON. My curiosity is, of course, as to whether there are remaining funds from fiscal year 1985 as a consequence of that experience. And if your answer is that you cannot answer that, is your further answer that someone else can?

I wonder if you would accommodate me by suggesting who can give that answer?

Commodore RIENDEAU. I am not trying to hedge. We have to go to DLA, perhaps, and get that, because my stock fund prices are set and I am budgeted and I pay that, regardless of whether the commodity costs less or not. If it does cost less, then my stock fund will make money, it will accrue cash, I would use that cash to offset the O&M account in the following year.

In the fuel account, if you spot buy it for less than we budgeted or DLA budgeted, then DLA's stock fund will accrue cash, and that cash would be available to offset the next year requirements.

Now, would it be available for 1986? I do not know, but the information would be available, by the 1987 budget. The Navy or the Marine Corps or any of the services, do not see those types of savings except as they accrue cash in the stock fund, and that is all visible to the Congress.

Senator DIXON. Let me pursue that with you just a little bit, as much out of ignorance as anything, quite candidly, Commodore.

Who does measure it? Obviously, there is some sort of measurement stick for you as you proceed along the fiscal year, what your experience is against the entire budgeted amount.

I am trying to figure out how we know whether there is something left in that account at the end of the year, you see, or what your experience is so far into this year as to whether you show a surplus or a shortfall.

Commodore RIENDEAU. Sir, it does show up in the end year performance in my stock fund, but if I may, I have my deputy, Mr. Bob Storey, a professional in this business for years, who probably can articulate it better than I can. If you would not mind, sir, I would like Mr. Storey to answer.

Senator DIXON. I would appreciate that.

Mr. STOREY. Yes, sir.

Senator DIXON. What would commonly be called a lapsed account or whatever is left over in the account

Mr. STOREY. It would not quite be that, sir. Let me try it this way. Each service budgets a specific price for fuel as established by the Defense Logistics Agency. If it turns out that during the course of execution they are able to buy fuel at rates below what they assumed when they put the prices together, they will make a profit.

That profit has been the source of the savings that the Congress has been able to take out of the Defense budget for the past 3 years. The Navy does not buy fuel directly. The Defense Logistics Agency does. All we do is budget the rate that they tell us to.

So we cannot tell you what their experience is today and whether they are buying fuel at the same price they projected or at a higher or a lower price.

Senator DIXON. Yes. Would you mind identifying yourself for the record? Otherwise we will not know who is telling us this.

Mr. STOREY. My name is Robert Storey. I am Commodore Riendeau's deputy in the Operations Division.

Senator DIXON. Thank you, Mr. Storey.

I will ask you, General Crist, whether you are aware of any inflation dividend in the Marine Corps account.

General CRIST. Yes, sir, we did have some changes resulting from, if you will pardon my reading something here, changes resulting from reduction in published rates of inflation for other purchases, approximately $8 million.

Of that amount, $3.4 million is distributed for reduction in the foreign national indirect hire pay, a decreased rate change from 6 percent to 4 percent. The savings from the pay raise reduction was used to partially offset increased requirements transportation. We reprogrammed it within O&M.

The remaining amount, $4.6 million which resulted from a change in published inflation rates from 4.8 percent to 3.9 percent were used primarily to accommodate carryover increases in fiscal year 1985 related to approvals of utility and communication rate increases during fiscal year 1984 that exceeded the published inflation rates.

The remainder of savings we accrued were primarily attributable then, as I mentioned, to changes in stock fund inflation rates, a combination of low and expected stock fund purchases. Now, these were then reprogrammed in the 1985 budget, and you see that, and then there were no dividends then remaining that would be going into the 1986 budget, because the 1986 budget then was reduced, as I mentioned, by 53.8 percent for Marine Corps Stock Fund purchases and other carryovers in terms of lower cost.

Senator DIXON. But your gross amount was $8 million.

General CRIST. For those two items.

Senator DIXON. Would it be a fair statement that the Navy's amount would be 12 times that amount?

Commodore RIENDEAU. No, sir, because of the difference in the commodities that we buy. I would say that the savings General Crist was talking about are already reflected in our 1986 request. So your question is, is there additional——

Senator DIXON. How are they reflected, Commodore?

Commodore RIENDEAU. The cash that was generated in the Navy's stock fund for commodities primarily other than fuel were used as a source of funding in the 1986 request.

Your question would pertain to whether there were additional execution savings in 1985 that were generated and that could be used as a source for additional financing. Such savings being generated, for instance, if our commodities came in for less than we budgeted to pay for them, or if fuel came in for less than DLA had us budgeted for.

I do not have visibility into that at this time. We are only 4 months into execution of this year, so we really do not have visibility on whether or not that sort of thing is generating.

Senator DIXON. Well, I think in the interest of shortenting the time, because we are going around the block a little bit here, I am going to give you both, if you do not mind, General Crist and Commodore Riendeau, some written questions concerning this whole subject matter that will develop what the amounts might be in each case.

And also I would like you to further clarify for me how you say you contemplate that in your fiscal 1986 request. I do not know where it is, but I would like to clarify that, if you would be so kind.

Commodore RIENDEAU. I would be happy to, Senator.

General CRIST. Yes, sir.

Senator DIXON. Just one more general question, because I guess we will talk about it more and more as we go along. We might as well talk about it a little bit now.

That is, of course, the budget that you bring to us, that you present to the Chair and myself, is the one that is contemplated by the administration's budget that was sent to us on the Hill by the administration, and at the level suggested in that budget.

That, of course, is true. Now, if the Congress works its will adversely to that, as would seem to be indicated by everything we see so far, the most recent indication being the activity in the Budget Committee, I do not know how that translates to what we will do on the floor, but it is certainly not exactly what will be done on the floor, but it is probably an indication of the direction in which the Congress is moving, or at least the Senate side is moving. It might even be a more advanced type of movement on the other side of the House.

How do you contemplate dealing with that? That is to say, in what areas here do you see that you would make those necessary adjustments downward if the gross amounts we discuss here are not the contemplated amounts in the ultimate authorization and appropriation bills?

Commodore RIENDEAU. Let me start that out. I would say that if we are contemplating large reductions to the 1986 request, and if we are looking toward the readiness accounts, O&M, including the civilian personnel or the MPN accounts. the manpower accounts, where you get your ready dollars, if Congress worked that kind of will, then we would be unbalancing quite badly a request that is, we think, pretty well baalnced going to you, a budget that strikes a balance among the investment accounts, the R&D accounts, and the readiness accounts.

And you are talking $1 billion, $2 billion. I do not know what the total number would be, but obviously the numbers are large. You would do a tremendous imbalancing on the budget.

How do we cope with that? Very simply, we would cope by trying to take the hit where it would be the least hurt.

Senator DIXON. Where do you see that it would be the least? We ask this out of concern.

Commodore RIENDEAU. In the central logistics area, perhaps, but when you are going after large dollars and trying to do it without totally wiping something out, we would have to go to our flying and steaming program. We have a lot of money in there. We would have to go to the ships maintenance program. There are large dollars in that program.

But, you know we have little—and General Crist is in worse shape than I am, because he has a negative growth in O&M. I am not much above zero.

When you start driving my funding down, that is where it is going to come out. You are going to see maintenance backlogs pile up very quickly, and you are going to see my readiness and deployed steaming and flying, even nondeployed, indicators turned down.

How badly we do not know for sure, but I can guarantee you it will turn down significantly. I would add one more thought here. I mentioned some of the initiatives that we had to reduce the cost of our maintenance programs and they are good initiatives. They are engineering-based initiatives to cut down the frequency of depot maintenance actions.

Senator, I would have to tell you at this point we have realized most of the savings that will generate in some of these programs continued savings in execution will slow down. They are well done programs. I have a budget that is priced to reflect these reduced savings. I have no slack.

So I would have to tell you you are going to see maintenance backlogs go up and you are going to see readiness go down.

General?

Senator DIXON. I thank the Chair.

Senator HUMPHREY. Well, in fact, I think we are already beginning to see the early warning signs, are we not? The growth in Navy backlog, again referring to this O&M overview. Do you have a copy of this?

Commodore RIENDEAU. Is that the OSD overview?

Senator HUMPHREY. Yes.

Commodore Riendeau. Yes, sir, I do have that.

Senator Humphrey. Page 36. You had zero backlog in, what is that, ship overhaul or ship maintenance? What is that?

Commodore Riendeau. Ship overhaul, sir. The $80.5 million is one SSN, and I will add that was a conscious decision. It was a late August induction. And we looked at the out year, and we said let us just go ahead and move that into 1986 and use those dollars somewhere else in 1985.

Senator Humphrey. But that was motivated by the shortage of O&M in 1986, right? That is like delaying the cost-of-living allowance for Social Security by 3 months or some such thing. It slips it over into the next set of figures so the current year figures do not look that bad.

Commodore Riendeau. Well, I would like you to not quite look at it that way, sir. We looked at the 1987 funding situation, and that looked like a better year to do this overhaul in, and since it only slides a month, it was a conscious decision to do that, sir, yes.

Senator Humphrey. Are you saying that the increase in backlogs, which was finally reduced to zero in 1985, which will grow to $80.5 million in 1986, assuming this budget is passed—which is a pretty generous assumption—you are saying that that is not an early warning sign?

Commodore Riendeau. Not that one, sir. That is a business decision.

BACKLOG IN AIRCRAFT OVERHAUL

Senator Humphrey. What about the steady progression of backlog in aircraft overhaul? A big jump?

Commodore Riendeau. Yes, that is a warning indicator.

Senator Humphrey. There is a warning right there, even in the best circumstances, which is that you get all that you requested. There is a big early warning sign right there. That is why I think these O&M accounts are not getting their fair share. I know it is a tough balancing act.

But we have just emerged from a very deep and unpleasant ditch which was dug this very same way that I think I see coming, and we are going to be back in that ditch in 3 or 4 years, very painfully and dangerously so, if these things develop as they appear to be going.

Do you agree with that or disagree? General Crist?

General Crist. Well, sir, as you know, the history of O&M is very simple; it is very easy to cut. It does not have much visibility. Much of it is not terribly glamorous. It doesn't get much attention until reductions show up in the aggregate. Then we have maintenance problems with the bases—flying hours are down, and in general our readiness indicators are down.

There is no question, sir, that the threat to reduce begins at the time we are starting to see the readiness indicators going up about which we are all feeling very good.

Senator Humphrey. So the pressure is off.

General Crist. I might add, Senator Dixon's question has terrified me because the Marine Corps is very vulnerable. With procurement down 10 percent and my O&M down 1.3 percent, we are already frozen for all practical purposes. Our funding base is very vulnerable in the event of having to take a cut across the board.

DEPOT MAINTENANCE BACKLOG

Senator HUMPHREY. Yet in depot maintenance you are not accruing any backlog so far. Why is that?

General CRIST. No, sir. We were able to get the money, in a conscious effort, 2 years ago to bring it up. We were asked to zero our deport maintenance by the end of fiscal year 1986, and we tried to do so.

It was a balancing act with some other parts of the O&M account. As I say, our maintenance of real property had to suffer. But depot maintenance is for combat equipment in the hands of troops; it is a readiness issue. We must do that.

Senator HUMPHREY. All right. Let us look at real property maintenance. The Navy shows a slight decline, looking at page 19 of the same document, the Navy showing a slight decline in 1986, Marine Corps likewise showing a slight decline. Am I reading that correctly?

Commodore RIENDEAU. Yes, sir.

Senator HUMPHREY. So the backlog is static in the case of the Marine Corps.

Commodore RIENDEAU. Senator, you are looking at the funding.

Senator HUMPHREY. What is the difference between these two sets of figures at the top and the bottom?

Commodore RIENDEAU. The real property maintenance is what you are looking at. That is funding for real property maintenance at the top of page 19. And then you break that down between maintenance and repair of real property on page 19, and then you go to minor construction on page 20.

Senator HUMPHREY. All right. Those are not backlogs.

Commodore RIENDEAU. No. For backlog you look at the bottom of page 20. You will see that the reduced funding translates directly into increased backlogs.

Senator DIXON. Down on page 19, and then you are up on page 20 in the backlog naturally.

Commodore RIENDEAU. Yes, sir.

Senator HUMPHREY. One of the problems we have on this subcommittee, and I think we can rectify it, is that we get different sorts of figures from each of the services, and it is hard to compare one against the other.

Let me just suggest to the staff and my colleague that in the future we provide guidance to the services in preparing their testimony to provide us some kind of standard yardsticks expressed in real dollars or something so that we have better comparability and some standard uniform statistics.

But in any case, getting back to the matter, how long has the backlog of Navy BMAR been growing? You only show 1984 here. Do you have those figures?

Commodore RIENDEAU. It has been an increase, sir. We have had, sir, a steady increase in the maintenance backlog since 1984.

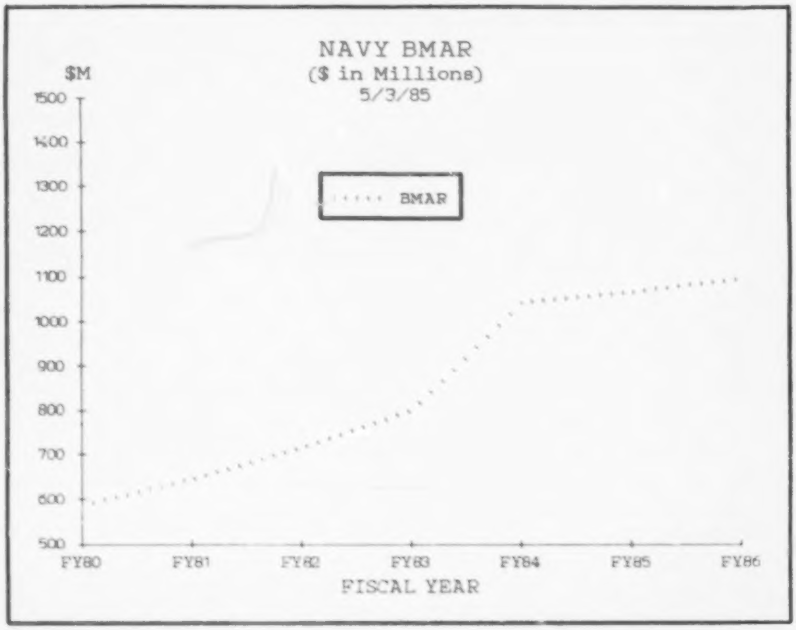
Senator HUMPHREY. All right. Let me ask again for a simple line chart showing both for the Navy and Marine Corps the backlog in maintenance and repair starting in 1980 through 1985 and projected through 1990.

Commodore Riendeau. All right, sir. If you would like me to give you the backlog from 1984 to date, it was $890 million in 1984; $935 million in 1985; and it is $980 million in 1986.

Senator Humphrey. That is what we have in this document, but I would like to see the long-term trends.

[The information follows:]

The information requested is contained in the attached chart. The chart projects BMAR only through fiscal year 1986 because the calculation of BMAR is based on annual inspection surveys and can be extrapolated only into the budget year Assumptions regarding outyear levels of funding and results of inspection surveys are too imprecise to permit extending BMAR estimates beyond the budget year.



General Crist. Our BMAR starts at $106 million in 1979. It goes to $203 million in 1981. It starts to level at $194 million in 1982, to $191 million in 1983, and then starts to go up again to $194 million in 1984. So we went up, Mr. Chairman, and then began to level, and now we see an increase again.

Senator Humphrey. I only wish that all of my colleagues in the entire Congress could be here to hear all of this, because we are beginning to see some very serious warning signs in my view, and yet somehow it is a very compelling argument that will be lost more than likely in the dabate, certainly some aspects of it.

We will try to do our best to ensure that it is not, but there are so many competing demands. It is a very worrisome situation. Well, let us look at some of the other traditional yardsticks. Depot maintenance, BMAR, and steaming hours. Let us see. Is there something in there about steaming hours?

STEAMING HOURS

Commodore **Riendeau**. Yes, sir. The steaming hours program is level with 1985 at 50½ days deployed and 29 days nondeployed. That projects out the same way. And included in that steaming are all of the contingency operations that we are doing, including most of the Indian Ocean.

We have some Mideast Force Special Ops going on that cost us more than that. And I believe we will be coming over with a supplemental request to cover the additional funds that are imposed because of the increased activity up there.

Senator **Humphrey**. Will you look at page 14 in this overview under B? Is this to be read as total Navy steaming hours?

Commodore **Riendeau**. Under way steaming hours? Yes, sir.

Senator **Humphrey**. That is total Navy steaming hours. So we could leave under way out. That is steaming hours. That is the usual yardstick, steaming hours.

Commodore **Riendeau**. Yes, sir. We call it the Steaming Program and Flying Hour Program.

Senator **Humphrey**. I was confused by the words "under way." Do you do a lot of steaming in a stationary position?

Commodore **Riendeau**. That is not a Navy term, sir. That is an OSD term. But I will point out, Senator, that we do steam against the pier, if we are not hooked up to what we call coad iron services. You do keep a boiler out on the line, and you do run all of your utilities, all of your hotel functions.

So there is such a thing as steaming at the pier, but when we say steaming in the budget, we do not really mean that.

Senator **Humphrey**. Do not confuse us.

Commodore **Riendeau**. I would point out, sir, that 1984 on your Steaming Program and your Flying Hour Program, you are looking at execution actuals versus budgeted. We have had to oversteam, and you remember last year you did vote us the supplemental request to cover that, so that is not a reduction when you see the $897 million going down to $850 million. You are looking at a budgeted versus what we actually executed.

Senator **Humphrey**. So there were some exceptional, extraordinary items?

Commodore **Riendeau**. Lebanon and Grenada. Yes, sir.

Senator **Humphrey**. Well, are we to infer then that you are in pretty good shape, at least theoretically, in your budget request in steaming?

Commodore **Riendeau**. I am in good shape in steaming, sir. And I am also showing you a 1-percent increase in PMB for the Department of the Navy, and that is our Flying Hour Program, and that breaks down as 85 percent in the Marine Corps and 88 percent for Navy, and is an increase in both cases.

I think we are tracking along very nicely, and we are comfortable with the way we are doing that.

Senator **Humphrey**. Well, looking at page 9, flying hours, at the top is the number we want to focus on. Or is that total DOD? So we do not have a comparison for Navy and Marine Corps with past years. Is that correct?

General CRIST. No, but ours has been lower, Mr. Chairman, than the Navy. It is now increasing. That was primarily due to the fact that we had a pilot shortage some few years ago, and executed a lower percentage of PMR's, primary mission readiness. The fewer hours did not hurt because we were flying fewer pilots then.

Now, that our pilot attrition has decreased to 6.1 percent and we are programmed, flying the hours. In fact, in fiscal year 1984, we flew the highest number of hours that we have ever flown since Vietnam. So we are moving up, and by 1987 we will have parity with the Navy.

Senator HUMPHREY. All right. I still do not have a characterization of where we have been and where we are going in terms of flying hours. Is there a way to do that?

Commodore RIENDEAU. I have it in two areas. In 1984, Navy was flying 87 percent PMR, and Marine Corps was flying 81 percent.

FLYING HOURS PER CREW

Senator HUMPHREY. Do you have the figures for flying hours for a crew? That is really the best.

Commodore RIENDEAU. Yes, sir. We are flying this year 25 hours per crew. That is an average, you will find some a little higher than that and some a little lower than that, but overall, and we have the Navy crews flying at 27 and the Marine crews are flying at 22.

Senator HUMPHREY. The average for both crews is 25. 1984? Do you have prior year figures?

Commodore RIENDEAU. Yes, sir. In 1984, the Navy was flying 26, the Marine Corps 22, for an average of 25.

Senator HUMPHREY. And 1983?

Commodore RIENDEAU. 1983 was 26 Navy, 19 Marine Corps. And that is when the Marine Corps was cranking up for an average of 24.

Senator HUMPHREY. So that was not a dollar constraint?

General CRIST. That was a pilot shortage.

Senator HUMPHREY. What are you projecting for 1986?

Commodore RIENDEAU. 1986, we are projecting 27 Navy, 22 Marine Corps, for a total of 25—or an average of 25 for the Department.

Senator HUMPHREY. And the out year projections are to hold steady? Is that the plan?

Commodore RIENDEAU. Well, the Marine Corps——

General CRIST. We will increase as a percentage of total.

Commodore RIENDEAU. We want the Marine Corps to come up to 88 percent, so both Navy and Marine Corps are flying at 88 percent, and, Mr. Chairman, if you would like, I can leave a copy of all that information. I suspect that you might want that.

[The information follows:]

OPERATION AND MAINTENANCE, NAVY—TACAIR/ASW

[Hours per crew per month]

	Fiscal year—		Change
	1985	1986	
Navy:			
A-6	22	21	−1
A-7	23	22	−1
F-4	20	19	−1
F-14	21	22	+1
FA-18	23	24	+1
S-3	24	27	+3
P-3	40	41	+1
E-2	37	34	−3
EA-6	24	23	−1
SH-2	21	22	+1
SH-3	26	28	+2
SH-60	23	29	+6
Weighted average	26	27	+1
Marine Corps:			
AV-8	16	17	+1
A-4	17	18	+1
A-6	25	22	−3
F-4	19	19	
RF-4	19	19	
FA-18	23	23	
EA-6	20	21	+1
OV-10	17	21	+4
KC-130	34	34	
CH-53	22	22	
CH-46	21	24	+3
AH-1	21	23	+2
UH-1	28	27	−1
Weighted average	22	22	0
DON, total	24	25	+1

Senator **Humphrey**. Yes, please. All right. The Marine Corps has improved the attrition situation for air crews. Is that correct?

General **Crist**. Yes, sir, we are down 6.1 percent.

Senator **Humphrey**. What does that figure mean?

General **Crist**. That means that 6.1 percent of the pilot population attrited last year, which is a low for us.

Senator **Humphrey**. You are going against the general aviation trend, are you not?

General **Crist**. Yes, sir, we are, and I think that we can attribute it to four things. First, stabilization of pilot tours. We have over time now stabilized their overseas tours, to 6 months. Second, we have stabilized their deployments so that the deployments are rotated around all the squadrons of the Marine Corps.

Third, is the family, and the fourth, is modernization. We had an unprecedented modernization. The result is that our aviators are flying new aircraft. It is more exciting, and they like what they are doing, and it is a professional challenge.

The pilots know where they are going and when in a very scheduled fixed way. For their families at home, we now are taking care of them so that the aviator, when he is overseas or away knows that somebody is taking care of his.

The combination of all of it is it is working.

ATTRITION FOR NAVY AIR CREW

Senator HUMPHREY. What is the rate of attrition for Navy air crew?

Commodore RIENDEAU. Sir, our retention of pilots in 1984 was 56 percent. We are projecting 53 percent in 1985, and in the Naval flight officers we had 81 percent in 1984, projecting 75 percent in 1985, and Senator, I could tell you that one of the prime movers causing this wrong direction has been the extended carrier deployments in the Indian Ocean.

Senator HUMPHREY. You are losing almost half your pilots in 1986?

Commodore RIENDEAU. We are losing 47 percent.

Senator DIXON. May I pursue that just a second, Mr. Chairman? Even considering that substantial sum of money that we are giving them for a re-up, they are still leaving?

Commodore RIENDEAU. Yes, sir.

Senator DIXON. It is something like $36,000 in one jolt, if I recall. I do not think any of the other services has anything like that.

Commodore RIENDEAU. Yes, sir, that was just implemented. Before that, Senator, we had that same level, but it was paid out over years.

Senator DIXON. I realize that, because we had a long discussion about it last year, and I am just amazed to hear you say that notwithstanding the fact that we let them give the gross amount, I finally, you know, I was questioning that, and the Secretary of the Navy came to me personally and made such an eloquent case, I yielded my position.

And you are saying that notwithstanding that gross payment of $36,000 in one lump sum, they are still not reupping?

Commodore RIENDEAU. Yes, sir. The Secretary articulates that better than I, but I will say this, Senator. When you put a carrier in the Indian Ocean, and you leave it at sea for 155 days, and if you have not flown in the Northern Indian Ocean you do not realize what a pit of a place it is to fly.

Senator DIXON. I believe you.

Commodore RIENDEAU. The weather is not good. The sea is not good. And all of your friends in the wardroom are really nice, but liberty really counts, and by the other token, you have your married fellows out there at sea. They are gone—that 155 days at sea probably translates into 7 to 8 months' separation from the family.

We are actually steaming at a higher operations tempo now than we did during the Vietnam conflict. We are pounding our ships now. We are demanding more of our sailors than we did even in those days, sir.

Senator DIXON. I am embarrassed to take over. The Chairman was asking——

Senator HUMPHREY. That is right. I was, was I not? It was getting very interesting. I had forgotten that you had stolen the floor.

Senator DIXON. I really do want to find out the final answer, though, on this, Mr. Chairman, if I may.

How long have you been giving the $36,000 in a lump sum now?

Commodore RIENDEAU. We just started. Maybe 2 months. Something like that.

Senator DIXON. I would like to have another reading on that, now that you are doing it. If that does not improve, then I sure will be amazed.

Commodore RIENDEAU. Senator, you can only buy so much. When you start demanding what we are demanding of our crews, not only the aviators out there, but anybody that has gone to sea in a ship, and getting stuck out there for extended periods of time, you cannot buy that after a while.

You can incentivize under reasonable conditions, people to stay on, like the selective reenlistment bonus and the increased flight pay and that sort of thing, but by golly, it just flat runs out in some circumstances.

I think until we drop some of the commitments on our ships out there—and the General will speak for the Marine Corps on this—until we drop that requirement for the extended deployments that we have, you cannot pay enough AOCP to keep people going, because there is nothing that beats family stability, and you cannot get it under the conditions we have had.

It is worrying us. It really is worrying us. Commodore Clexton——

Senator DIXON. I agree with everything you are saying, and I am persuaded by it, and I want you to understand that I do not in any way demean the fact that that is tough duty. I agree with you. I would, though, if you do not mind, want to persist in asking you—and let me see the statistics.

Since such time as the $36,000 gross payment is allowed over this last 2 months, I would like to see the stats now to see whether there is not a marked improvement, because if there is not, you know, I do not know what we are doing it for.

It looks to me like the kind of thing that ought to attract your average man to reconsider his situation. I am just curious enough to want to see that. If you would be kind enough to write the Chair a letter and send a copy to the ranking member, just tell us since that went into effect what the statistics are like. I would be interested in knowing that.

Commodore RIENDEAU. Yes, sir. I will do that. It may not be statistically significant at this point, but we will do what we can, sir.

Senator DIXON. At least give us the numbers you have on people that were up for their time to reup in the last 2 months and what the percentage did.

Commodore RIENDEAU. Yes, sir. It is hard to do that, because it is not like in a reenlistment bonus where you catch someone at the end of a reenlistment period. These are mostly regular officers out there, and they do not have an EAOS. They do not have any intended time to resign from the Navy.

That is why I say statistically it may be a little hard. But I know what you are looking for, sir, and we will try to provide that for you.

[The information follows:]

AVIATION OFFICER CONTINUATION PAY (AOCP)

An AOCP lump sum payment option was implemented on February 14, 1985 for Tactical Air (TACAIR) pilots only. The purpose of this payment option was to increase the AOCP participation rate of these pilots from the 44% realized in fiscal year 1984. All other eligible aviators in the targeted communities (principally sea-based) may participate at the anniversary payment rate schedule. The fiscal year 1985 AOCP program has 739 aviators eligible to participate (508 pilots/231 NFOs) of which 297 are TACAIR pilots and eligible for the lump sum payment. Since implementation of the lump sum option, 26 pilots have been approved for this payment with an additional 11 requests pending. As of end-March, 81 pilots and 59 NFOs have applied for AOCP.

While the AOCP acceptance rate is presently well below that seen with the fiscal year 1984 program, our experience has shown that many aviators will wait until the end of the year before making a commitment. This is especially true with the eroded value of AOCP over the fiscal year 1981-82 progam. The following chart shows how AOCP has eroded:

AOCP VALUE EROSION

[LT (0-3) over 8 years of service, 4 yr contract]

	Fiscal year 1982-82 program	Fiscal year 1984-85 program	Fiscal year 1985 program in fiscal year 1982 dollars
Annual payment	$8,016	$6,000	$5,340
Less 20 percent tax	1,603	1,200	1,068
Payment to MBR	6,412	4,800	4,272
Less ACIP	1,128	1,128	1,004
Net gain	5,284	3,672	3,268

As a result of the greatly reduced value of the bonus coupled with a strong economy and high demand by the airline industry for pilots, the Navy is requesting comprehensive legislative changes to the AOCP program in fiscal year 1986. These changes include increasing the bonus level for a 6 year contract from $6,000 to $8,000 per year, expanding the eligibility criteria for a 6-year contract, eliminating the Aviation Career Incentive Pay (ACIP) reduction and Hazardous Duty Incentive Pay (HDIP) restriction and deleting the requirement for 6-years aviation service for basic eligibility.

AOCP will remain the cornerstone of the Navy's recovery from the mid-grade aviator deficit. AOCP's cost effectiveness is a matter of record. For every pilot retained as a direct result of the bonus, Navy saves $1 million in retraining costs in addition to realizing reduced aircraft mishap rates through retention of experienced aviators. Through fiscal year 1984, 708 additional aviators have remained on active duty as a direct result of AOCP, representing a replacement training cost avoidance of $578.7 million. In addition, since 1981, 126 aircraft have been saved compared to what would have been lost due to pilot error at the accident rate prevailing before inception of AOCP. This has resulted in a dollar savings of $685 million.

The value of the AOCP program must be returned to earlier levels if we are to realize its full effectiveness. We are in direct competition with industry for the services of these highly talented aviators and we must provide an adequate monetary incentive to retain them in the Navy.

Senator DIXON. Thank you.

Senator HUMPHREY. Commodore, why are we operating at a higher tempo when we have more ships?

Commodore RIENDEAU. Well, sir, we asked the same question. Why are we operating at a higher tempo when we have more ships?

The fact is, if we did not have more ships, we would really be pounding harder a fewer number of ships.

Senator HUMPHREY. You seem to be suggesting our commitments and obligations have risen substantially over what period of time?

Commodore RIENDEAU. Since about 19—, when did the crisis with the hostages occur? 1980? 1979, sir, is when it started. We had a huge ramp then, because we put two carrier battle groups in the

Indian Ocean, and that drove a lot of ships to the Indian Ocean. It put a lot of people at sea for long periods of time.

We went from two to one back to two. Now we are on one, and we cannot go much further in this without going classified, but the steady state increase has been rather significant, and it has had some large bubbles in it. How long is that commitment going to remain, I do not know.

We also have, you know, our Caribbean commitments that we are taking care of, and we have a small Mideast force up in the Gulf of Oman, and we have had to augment that, and right now I am not aware of any reduction in the near future in those commitments.

Senator HUMPHREY. You anticipate a continuation of these conditions of long cruises?

Commodore RIENDEAU. Yes, sir, I do. The Indian Ocean is a long way from everywhere. And once you are up in that area, there is very little chance to go into a liberty port to break the monotony of being up there. It is not cheerful right now.

We would be just delighted to allow that carrier battle group that we have dedicated to the Indian Ocean to have the mobility that we would like to see it have.

RETENTION BALANCE OF OFFICERS AND ENLISTED

Senator HUMPHREY. Still on retention, General Crist, what about the balance of your officers, and likewise enlisted retention?

General CRIST. Our retention goals have either been met or exceeded for the last year, sir. We simply have no problem.

Senator HUMPHREY. That is a phrase we would like to hear more often. Why is that?

General CRIST. Why is that? First, we are getting a better quality marine. We are taking better care of that marine. You may have visited some of our bases 10 or 15 years back. To say the least, they were in shambles. The barracks were bad. The living conditions were bad. And where they worked were pretty bad.

Today's young person thinks you ought to live in a good place and work in a good place. Our Milcon, thanks to Congress, has gone up. We have seen significant increases in Milcon, which have resulted in modern living and working facilities for our marines.

The other half of this is family housing. A lot of the family housing for our young marines is still bad and is in high priced areas. In places like Camp Lejeune, quarters were old, built during World War II. Because we have received the family housing money, we have gone in and we have rehabbed those old quarters. We have built new ones. The wife now has a decent kitchen in which also to work.

Another thing we have done is, recognized the increasing role of working wives, and military spouses who need the services of family care centers. We need to take care of those children when those wives are out working so that again the husband does not have to worry about it.

We have family programs to take care of our people. The whole quality of life that our marines and their families are enjoying has improved. We also have trucks that run instead of breaking down.

Our marines have a weapon that will fire instead of exploding. The equipment in his hands makes him feel like he can do the job.

Then he goes to Grenada and he does the job. Now, that permeates the Corps, and unlike the Navy, we have a greater luxury of being able to predict when the marine will deploy.

When the marine returns from deployment he will have 8 to 15 months in between cruises. He knows that. He knows we are not going to take him out unless there is a war or contingency and he expects that.

All those things are what go into it.

Senator **Dixon**. Mr. Chairman, you are very kind. I hate to ask to intersede one more time, but I do have to catch a plane out of town shortly. And I did want to develop one more thing if I could.

Commodore, I talked to you before about the inflation dividend that we are going to send you some written questions on. And we are concerned about the possibility of money out there that we can find that could be useful this year, where we know that we are going to have a lot of constraints on the budget.

Now, in the last session, Senator Mattingly of Georgia was successful in having us adopt an amendment that put a ceiling on funds for contractor support services. That was in the ultimate conference committee report that was adopted. It was part of the authorization and appropriation bills.

The information I have in—and I will just put it on the record; you can tell me what you think about it—is that the Navy had $1.1 billion approximately—I am just speaking in generalities—in funds for contractor support services, and that there was a ceiling by virtue of the Mattingly amendment of $640 million on what you could spend for contractor support services.

So that in effect there is about $450 million unspent dollars for contractor support services in the fiscal year 1985 budget, and I have a letter here from the Vice Chief of Naval Material indicating—an initial analysis of the impact on the Naval Material Command indicates we have a potential problem in excess of $400 million.

What it is, of course, is a $400 million sum there that could not be expended for that purpose, and my question is, what has happened to that money? What is being done with that money?

Commodore **Riendeau**. I probably started the heads up in the Navy, because when we saw Senator Mattingly's amendment came over, I issued my operating budgets for fiscal year 1985, with a legal limitation in the operating budget on anything that we saw as being contractor support services, primarily because we sensed we may have a problem, but we did not know the size of it.

So, we placed controls on everything that even smelled like a CSS contract in order that we would not exceed that limitation. Granted, it was a kind of desperate move. Hey, let us get out there and lock this thing until we can take a look at it.

We have studied it extensively. In fact, one of the people in our area is heading up our Navy effort to examine this along with the other services, along with OSD, so that we can properly come up with a defined CSS Program.

What is in the CSS Program? There were some definitional differences between the services and OSD, but we have come to an agreement on this now, and as a matter of fact I believe that there was a briefing this afternoon as to what our number is.

I can tell you, Senator, that the number is much smaller than that initially stated in reaction to our overly restrictive limitation. We obviously will have to provide for you the record information on what the current total is.

Senator DIXON. The date of this letter was December 18, 1984. So as of that date that was still true. Well, you understand the thrust of my questioning, and I know the Chair does, that there is some feeling here on this side that there is a probability.

I do not say it is the case. We need to know the facts whether there is a possibility or a probability of $100 million in the inflation estimate account here and the possibility of another $460 million in maximum, or over half a billion dollars in those accounts.

Now, perhaps it is not all there, and perhaps it is. But we would like to have that develop, Mr. Chairman, to be able to ascertain at least on this side whether those funds are available for the purposes of fiscal year 1986 authorization and appropriation bills.

Senator HUMPHREY. Fine.

Commodore RIENDEAU. May I, sir, request that we provide that to you for the record, since I do not know what those final numbers are going to be?

Senator DIXON. I suggest that we will write you a letter containing written questions. You can at your leisure, having met with staff and others, supply the answers. Since the Chair is the major person responsible, and I am the ranking member, if you would send it to the Chair with a copy to me, I would appreciate it.

Commodore RIENDEAU. Yes, sir. We would be very happy to do that.

Senator DIXON. Thank you.

Senator HUMPHREY. Commodore, I wanted to ask you about retention among other classes of officers, and also among enlisted members.

Commodore RIENDEAU. Yes, sir. For the surface warfare officer, we are seeing a reduction of 3 percent projected for 1985. 1984 was 50 percent and 1985 was 47 percent. The nuclear submariner, nuclear submarine officer is a success story finally. We are seeing an increase from 47 percent to 48 percent.

The nuclear surface officer, on the contrary, is slightly down. He has gone from 42 percent to 38 percent. And the general unrestricted line officer, we have seen a slight increase, 59 percent to 62 percent.

In the enlisted ranks——

Senator HUMPHREY. Excuse me. How many officers, what percentage of your officer corps is—how does this work? Not all of your——

Commodore RIENDEAU. I know what you are asking for, Senator.

Senator HUMPHREY. Well, give me the answer, then.

Commodore RIENDEAU. I would have to do the arithmetic.

Senator HUMPHREY. It sounds terrible.

Commodore RIENDEAU. What percentage of the total officers do these communities represent?

Senator HUMPHREY. What part of your officer corps is eligible to—I do not know how to phrase it. Well, in the case of enlisted persons, do you know what percentage of your total enlisted forces is up for separation in any given year? I am looking for the parallel situation among officers. How do you deal with that?

Commodore RIENDEAU. It is very difficult because the young man or the young woman would stay on active duty until they choose to resign. It is not like we have to go and——

Senator HUMPHREY. I guess the way to seek it is what percentage of the officer corps are you losing each year. I am trying to get some sizes, some feel for the size of this problem.

Commodore RIENDEAU. Maybe it would be useful, sir, if I could provide to you a breakdown by community the number of officers, take that percentage and then give you the actual numbers that we are talking about in each area. Would that be useful?

[The information follows:]

FISCAL YEAR 1984 OFFICER LOSSES

Out of a total fiscal year 1984 officer end strength of 68,856, total losses were 5,981, or approximately 8.7%.

Senator HUMPHREY. Yes, all right. Let us examine the enlisted situation.

Commodore RIENDEAU. All right, sir. Looking from 1984 to 1985 now, in first term Navy, we had 58 percent retention in both years, and in second term Navy we had 64 percent in 1984 and 66 percent in 1985. Third term we had 95 percent in both years. So we are still seeing pretty good success in that area.

Senator HUMPHREY. Even with these long cruises?

Commodore RIENDEAU. Yes, sir. And I think the SRB Program was a significant player in that improvement in that.

Senator HUMPHREY. What is SRB?

Commodore RIENDEAU. Selective reelistment bonus, the incentive to keep these——

Senator HUMPHREY. Then why is there a difference between enlisted who are exposed to long cruises and officer pilots who are exposed to the same cruises? More of an opportunity on the outside?

Commodore RIENDEAU. Absolutely, sir. The airlines have been hiring, you are probably aware, they have been hiring very heavily. They offer some very handsome incentives to the young man or young woman to get out and fly with the airlines. When you couple that with the tempo of operation out there, that is really the source of it.

And I have to tell you, Senator, just the atomosphere of flying in the area that we are talking about is not very stimulating to our flight crews.

Senator HUMPHREY. It is not really pertinent to this hearing, but I am curious about that. Why is it so bad in that region of the world versus the Mediterranean or somewhere else?

Commodore RIENDEAU. Because you are over water, you are in lousy flying conditions most of the time.

Senator HUMPHREY. The weather is bad most of the time?

Commodore RIENDEAU. Yes, sir. And the missions are mundane, I think there is a tremendous boredom factor that comes in in that environment, plus the fact that when you are in that environment, you have to maintain a readiness posture that wears you down after a while. In other words, you are never to assume a relayed condition.

Senator HUMPHREY. Why is that?

Commodore RIENDEAU. Well, we cannot go into that here, but there is a real reason for that happening up there that we could discuss, but it is classified.

Senator HUMPHREY. All right.

Senator Glenn, you are free to go whenever you are ready, so just let me know.

Senator GLENN. Whenever you are finished.

Senator HUMPHREY. Why do you not proceed?

Senator GLENN. Well, thank you, Mr. Chairman. I am sorry we had dual hearings here. We have another one around the corner, and unfortunately, the full committee and subcommittees are meeting at the same time, so we have to do a shuffle act around here. So I apologize that I could not be here for the whole hearing.

But one thing that concerns me very, very much that we have been running into and that is different services talking about the availability of some of the high tech weaponry that we are supposed to be providing. I think this is particularly true with regard to air-carried weapons. It came up first with regard to submarines and what the torpedo loading is, and some of that is classified. But it is abysmal.

I can say in open session that if we go out and fire our full load of torpedoes after war starts off the attack submarines, we will have less than a full load to replace them, period. Then that is it. Then we are out for the rest of the war. That is a little bit preposterous to me. We have some of the same kind of thing on some of the cruise missiles, surface-to-air missiles, air-to-air missiles, the whole works.

Your testimony, Commodore, on pages 14 and 15, I believe you highlight it very, very well. And here we are buying all these things to go out on air-to-air missiles and surface-to-air missiles and so on, and we will not even have met our goal optimistically until almost 1990, according to the chart.

What we are doing, in effect, with the airplanes and fighters and attack planes, we are buying a lot of high speed, single place transport planes out there, yet we do not have anything to shoot off of them. And that is a little bit ridiculous to me.

I hope we can be of help to you. I am not being critical to you, because I know you have been limited on the funding; but this is just so ridiculous. You know, having Blue Angels for air shows and Thunderbirds and all may look great to the public, but it does not shoot anything down when war starts. And we have to have the proper armaments out there, or we might as well forget the buy of the carrier of that armor. So would you address that a little bit?

Commodore RIENDEAU. Yes, sir, I will. If we have a program that is ramping, as this one, for the very reasons you just cited, Senator, that we were on our tails in many of our weapon inventories. A few years ago we had put more money into the sustainability area, primarily in weapons, than any other account that I am aware of. We have been on contract for some of these for about 3 years, and they are now starting to deliver. So when you look at the bins right now and the magazines, it is not too impressive. But the amount of funding that has gone into this I think is impressive, and we do have a goal of meeting our sustainability limit by the 1990–1991.

But, sir, I would like to ask Commodore Clexton, who is directly involved with the readiness thing, to help in addressing this.

Commodore CLEXTON. Yes, sir. I testified earlier today in this room for Senator Cohen's Subcommittee on Readiness and Sustainability, and one of the items that was covered was just that. We have increased our sustainability outlays considerably over the last few years. This all stems, of course, from totally inadequate funding in the 1970's when we reduced our weapons inventories and our magazines down to almost nothing. In 1981, I was to host Senator Humphrey, on Ike. I was the commanding officer of the USS *Dwight D. Eisenhower* and unfortunately we had to cancel out, but if he had taken a trip around my magazines, we would have seen that we had a lot of room.

That was true throughout the Navy. We could not outfit just the ships we had then one time, much less fill them up again if they ever had to fire.

Senator GLENN. Are you still cross decking?

Commodore CLEXTON. We have been cross decking up until this year in many munitions. I would come back from the Med and sit for 1½ days with the *Nimitz* alongside. We would be giving him what he needed to deploy with or vice-versa. We have been doing that with lots of weapons, but we have now been able to do less cross decking as the munitions have started to build up. It takes us a good 2 years to go from funding, to contracting, to getting them in the magazines.

Senator GLENN. Are we doing any cross decking now?

Commodore CLEXTON. Very little.

Senator GLENN. What particular weapon system?

Commodore CLEXTON. Very few. But the differences are that the ships that are back home for maintenance do not have any weapons in them at this point. The difference then was we were cross decking front-line ships. We had front-line ships that had weapons and front-line ships that did not have weapons.

Senator GLENN. What specific weapon systems are you still cross decking now?

Commodore CLEXTON. I would have to get that to you for the record, sir.

Senator GLENN. If you would, please.

[The information follows:]

Air-to-air missiles, specifically AIM-7.

WAR RESERVE MUNITIONS

Senator GLENN. General Crist, what progress has the Marine Corps made toward meeting its war reserve munitions sustainability goals? We were behind in those, too.

General CRIST. Yes, sir. We are not doing badly, Senator. Take ammo and principal end items, which are the two largest areas.

Senator GLENN. Which ones? I am sorry.

General CRIST. Ammunition and principal end items, sir. Ammunition at the end of fiscal year 1985 we will be at 37 percent of our acquisition objective. With the 1986 budget it will be 43 percent.

Principal end items at the end of fiscal year 1985 will be 61 percent of acquisition objective. By the end of fiscal year 1986, given budget approval: it would be 78 percent. The long holes in the ammo line are 155mm munitions; that is, the RAAM, the Adam and the Copperhead. The other one we had a problem with was the Stinger missile; the reprogrammable microprocessor version. The shortage in air-to-air missiles you certainly know about. NBC equipment is the remaining area in which we now consider to have a deficiency.

Senator GLENN. As I understood it, our funding for war reserve munitions, fiscal 1986, is actually below the level appropriated by Congress in 1985. Is that right? Why the decline, or am I wrong on that?

General CRIST. For war reserve munitions, sir, the total ammunition line is $488.9 million requested as opposed to $451.8 million in the 1985 budget. So my figures show an increase, again primarily in the Copperhead line, which is where most of the money is.

Senator GLENN. I think this is something, if this goes on, there are roadblocks, gentlemen, in any of these areas where you see that the lines are not coming up. I think the chart here is rather devastating, the charts that you have on page 15. And it lays it out year by year. We will not reach our real good combat capability for quite a ways out there. We are talking about 1980, most of these, 1989 or beyond. And so I hope in all of these areas that if anything develops that prevents moving ahead on these lines, that you will keep us informed, not just at annual hearings but in between time, too, because it is just so preposterous to me that we would go out and spend billions and billions of dollars on a carrier for the systems. And I do not mean an aircraft carrier; I mean a weapons delivery carrier. And then do not provide the weapon to put on to the thing. And that is so silly.

Commodore RIENDEAU. I believe, Senator, at least in some of the high tech weapons, I think in the case of Phoenix we may be at production limits. I have been close to the budget business for 3 years now from the readiness point of view and not from sustainability so much. But I do know that I have been part of the meetings where we are putting the funding into this, and there is a great appreciation of what you are saying. Over there, sir, it is a red-faced situation to ever let weapon inventories fall to the levels we are currently ramping up from. There is no question about.

Senator GLENN. I first got interested in this before I was on this committee because this was 1½ years or almost 2 years ago. In fact, the last 3 years we have fought to keep our only heavy torpedo line. They were closing it down, and there were not any replacement really. And then we were going to shut the line down because there was a future type that was going to be coming up in the meanwhile.

You are aware of that argument, I think, and we are borderline on a little bit of classification, I think. But they were going to shut the thing down, and we are spending billions and billions on attack submarines, and all they can do after the war starts is go out and fire water slugs at something and that is it. It is crazy.

Thank you, Mr. Chairman.

Commodore CLEXTON. The major ramp up is this year, Senator. The 1986 budget is a 25-percent increase in sustainability accounts as opposed to somewhere around 10 percent and 15 percent prior to this year.

Senator GLENN. Keep us informed.

Senator HUMPHREY. I am going to go into some detail in this matter in classified closed hearing, Senator Glenn, if you are able to stay.

Senator GLENN. I have to get back over to the other hearing. We are still going over there with some of the people on weapons also. Thank you. Mr. Chairman.

Senator HUMPHREY. Well, let me run through some questions that occurred to me in reading your testimony, and then we will go into closed session.

Commodore Riendeau, referring to your testimony, your full statement, on page 3 there is a chart, page 3, chart 3. What is the—oh, maybe this is something we should reserve for closed session.

What is the implication of that fairly substantial drop in O&M for strategic forces?

Commodore RIENDEAU. It is primarily a reduction in two ship overhauls, sir.

Senator HUMPHREY. I thought we are adding one backlog overhaul?

Commodore RIENDEAU. Yes, sir. This is a tender in the SSN. I am sorry, no. It is two tenders.

Senator HUMPHREY. What is the one you are slipping to 1987?

Commodore RIENDEAU. The size of the program came down. There was not any movement of ships in or out. We had two less ships needing overhauls than we did in 1984, sir.

Senator HUMPHREY. Is one of those two the one you are slipping to next year?

Commodore RIENDEAU. No, sir. That is an SSN, the one that is slipping, and that is in budget activity 2 under general purpose forces. In the strategic forces it is merely that we had a requirement for two less ships than in the previous year.

Senator HUMPHREY. So that is not a bad sign?

Commodore RIENDEAU. No, sir. That is the way it works out.

SHIP OVERHAULS

Senator HUMPHREY. Now, what is this business all about of changing your maintenance approach on ship overhauls such that you are budgeting for fewer overhauls and apparently for more selected, restricted and phased maintenance availabilities. What is that all about? Is that some kind of new philosophy?

Commodore RIENDEAU. Well, it is not new, but it is an expansion, Senator. This all goes hand in hand with extending the cycle between the overhauls, and that will lower, of course, the total overhaul program. But in order to keep the ship in tiptop shape, we put it in a selected, restricted availability, so you will see an increase in those availabilities, and a decrease in overhauls. That is not steady state yet, because we are still working into the program. It will probably go steady state in another year or so, so that we can give you——

Senator HUMPHREY. In effect, you are doing your overhauls on a progressive basis, is that the idea?

Commodore RIENDEAU. We are doing, between overhaul maintenance that will allow us to extend the time between overhauls, and if we do it correctly, it will reduce the scope of the overhaul as well. There are deep maintenance functions that you cannot do on an availability basis. You have to put them into a yard and go into them in some depth.

Senator HUMPHREY. By doing the selected, restricted and phased maintenance efforts, you are getting more service out of the ships? I just want to understand this concept.

Commodore RIENDEAU. We had these ships available for deployment for longer periods of time. We reduced the time in overhaul, and we substitute for that some phased maintenance. But the net effect of that is the ship is available for deployment for more days of the year than they were under the old system. And basically also the ship is maintained in better general material condition, so we had the two effects.

I might add another thing that is significant in that program, Mr. Chairman, while we are talking about it. Many of those availabilities will be done in home port or close to home port area, and from a crew morale point of view, that is very, very significant.

Senator HUMPHREY. OK. Chart 6 on page 11. This seems to indicate a declining tempo. Am I reading this correctly?

Commodore RIENDEAU. No, sir. you are not. What you are looking at for 1984 is the actual performance. We steamed in excess of our budget. We were budgeted in 1984 for exactly what we are budgeted in 1985 and 1986.

Senator HUMPHREY. So in 1984 you are 20 percent over your planned——

Commodore RIENDEAU. Yes, sir. And that was funded by a supplemental request last year.

Senator HUMPHREY. How is it shaping up this year, or how far ahead are you of your projected?

Commodore RIENDEAU. Right now we are on the mark. I think we should execute 1985 as budgeted. I say that now, and the next thing, you know, we have to send a battle group off some place. But so far this year we are executing right to plan.

Senator HUMPHREY. But you are saying nevertheless that 50 days per quarter is, from a morale point of view, an intolerable tempo.

Commodore RIENDEAU. It is difficult to do because the Indian Ocean, it is keeping us out there for a long time. If we were to have a reduction in requirements placed on us, we could budget to a low number and we would have our people home more, and it would be far better for us.

Senator HUMPHREY. Well, what has been this figure in past years? In 1960 it was way up. That was not a typical year, I guess. In 1984 I mean it was way up.

Commodore RIENDEAU. Since about 1979 we have steamed basically the 50½ and 29 plus. Our actual execution in 1983 was something like 62, 63 days deployed. It was very, very high then. And it came down in 60. And I say as long as nothing unbalances it this year, we should steam right at 50½, which will be a lowering tempo from what our carriers have seen previously, no question about that.

Senator HUMPHREY. Chart 7 on page 12, the last figure, the number of deferred overhauls. We have already discussed the one that falls in 1986. What are you projecting for 1987 and 1988?

Commodore RIENDEAU. I have not seen that program yet. It is being formulated right now as we do the fiscal year 1987 POM. So we do not have visibility in that program now.

Senator HUMPHREY. Can you say if it is going to remain negligible, or are we going to see an increase?

Commodore RIENDEAU. In the overhaul?

Senator HUMPHREY. Yes.

Commodore RIENDEAU. We programmed for zero. Now, whether it is going to come out that way, I do not know. But that would be the target for 1987 is to pick up that one overhaul from 1986 and execute a zero backlog.

Senator HUMPHREY. At the bottom of page 12, the—I guess it is the chart on page 13, mission capable rate that you expect to—what do you expect to do in 1987 and 1988 and so on?

Commodore RIENDEAU. I believe that we are looking for 73 percent in 1987. We are looking to increase that.

Senator HUMPHREY. Continued improvement in this area?

Commodore RIENDEAU. Yes, sir.

Senator HUMPHREY. OK. What about the NCO shortage problem? How is that working out?

Commodore RIENDEAU. We have made good progress in that, Senator. We started out, as you know, with a 22,000 shortfall, and because of the retention environment that we have seen——

Commodore CLEXTON. We hope to be down to 8,000 this year.

Commodore RIENDEAU. At the end of 1985.

Senator HUMPHREY. At the end of this year?

Commodore RIENDEAU. Yes, sir.

Commodore CLEXTON. We were hoping we could project it down to zero by the end of another few years, but that is not true any more.

Senator HUMPHREY. For what reason?

Commodore CLEXTON. I am not sure why that has changed. It has got to do with the decrements that the Congress has put on us the last few years on the end strength increase. That has been eating away at our progress, and is the threat again this year.

Commodore RIENDEAU. Going back to the numbers, Mr. Chairman, the number at the end of 1984 was 11,200, and as Commodore Clexton says, we are seeing improvement down to 8,000 by the end of 1985. I think there is some point that it becomes nearly impossible to achieve more improvement.

Senator HUMPHREY. With the end strength caps, is that what you are saying?

Commodore RIENDEAU. Yes.

Senator HUMPHREY. What is that theoretical level?

Commodore CLEXTON. It reverses. In fact, if the end strength caps stay at the rate they have been in the last 3 years, we end up with a 15,000 shortfall by 1989 as we come on line with our 600th ship.

Senator HUMPHREY. I see. So your requirement is growing.

Commodore RIENDEAU. May I correct a number? The number I see I have written in here at the end of 1985 is projected at 6,000.

Senator HUMPHREY. OK. From 11 down to 6?

Commodore RIENDEAU. 11,200 down to 6,000. The retention figures, as we have gone over a little bit before, are showing steady improvement.

Senator HUMPHREY. That comes to my next question. On page 14 at the end of the first paragraph you have the statement that, "Recently, however, retention rates have dropped." What is that all about?

Commodore RIENDEAU. That is the short-term look.

Commodore CLEXTON. This follows the flight crew issue. "Recently, however retention rates have dropped." That is at the top of the page.

Senator HUMPHREY. You are talking about flight crews there?

Commodore CLEXTON. Yes, sir.

Senator HUMPHREY. Oh, yes, I see. All right. Well, we have already discussed that.

ALCOHOL AND DRUG ABUSE

Just one last thing before we go to a closed hearing. I want to talk about the alcohol and drug abuse situation.

General Crist, can you tell us about the trend in the Marine Corps?

General CRIST. Yes, sir. I will start back in 1980, which can serve as a baseline. The admitted drug abuse rate in 1980 was 37 percent.

Senator HUMPHREY. How is that defined?

General CRIST. In that case it was those who admitted under questionnaries that they had used some sort of substance within 30 days.

Senator HUMPHREY. Well, that still does not define it.

General CRIST. That was prior to, sir, the urinalysis program that we adopted in February 1982.

Senator HUMPHREY. All right. Go ahead.

General CRIST. Now, we have documented a reduction to 17 percent admitted use in 1983, based upon the current deduction rate, we believe the current usuage rate to be about 10 percent.

Senator HUMPHREY. I still do not understand. Ten percent admit to what?

General CRIST. The 10 percent rate is not based on admission. It is based on the actual drug detection results from the urinalysis program.

Senator HUMPHREY. Within the past some months?

General CRIST. This varies upon the type of substance used.

Senator HUMPHREY. Does this include alcohol?

General CRIST. No; this is simply drug usage. In the case of alcohol in the category of heavy drinker, that is, six or more drinks daily, the number has dropped by 50 percent. Many of these have dropped into the light to moderate use category. Some have stopped drinking. These figures are derived through surveys. We believe our preventative education programs are working.

Senator HUMPHREY. What are the actual figures?

General CRIST. I do not have those. I will have to supply them for the record, if I might, sir.

Senator HUMPHREY. Are you making parallel progress in the alcohol area with the same progress in the drug abuse?

General CRIST. Yes, sir. Although the Marine Corps is not going to war on alcohol inasmuch as it is legal to consume alcohol. Rather, we have made it a question of responsible consumption and personal readiness.

Senator HUMPHREY. So would you develop that further?

General CRIST. Yes, sir, I will. I might add one other figure. Those diagnosed as alcoholics are sent through the alcohol rehabilitation program. Of these who complete the program, 83 percent successfully complete their Marine Corps careers. Those who don't complete the program are discharged.

Senator HUMPHREY. Commodore Riendeau?

Commodore RIENDEAU. Yes sir. If I could take 1983 and 1984 results, we had a reduction in identified alcohol abusers of 33 percent. The number went from 35,000 down to 23,000 roughly from 1983 to 1984.

Senator HUMPHREY. Do you have that in percentage of the force?

Commodore RIENDEAU. I would have to provide that, sir.

[The information follows:]

ALCOHOL ABUSE

Based on an average end strength of 563,620 in fiscal year 1983 and 573,517 in fiscal year 1984, alcohol abuse identifications were 6.2 percent and 4 percent respectively.

Senator Humphrey. All right. 35,000 in 1983 and what?

Commodore RIENDEAU. 23,000 in 1984. In the drug area we saw a reduction by 22 percent. It went from 26,000, basically 27,000, down to 21,000. So we have seen the kind of dramatic results we hoped would come from the crackdown that we started about 3 years ago. I predict that we are going to see a continuing improvement.

Senator Humphrey. Good.

General Crist, I realize this is not actually your department, but it is known that there were some serious problems with the urinalysis program early on. Where does that all stand now? Are you confident that it is now a reliable indicator and that no injustices are being experienced by reason of any kind of confusion in that system?

General CRIST. In talking to my counterpart, the Deputy Chief of Staff for Manpower, this morning related to the whole manpower area, that was one of the questions I asked him, because I had been a bit out of touch with how we stood on that program. He assured me that they now have the utmost confidence in the urinalysis program. We are very confident that the laboratory procedures and the testing process and analysis are good. We are very confident now that that program has reached its fruition, that we continue to use it as an effective weapon in our "war on drugs."

Senator Humphrey. Commodore?

Commodore RIENDEAU. I would parallel what the General says.

Commodore CLEXTON. I would like to comment. If you would like a waterfront answer to that, because I saw 3,600 cases in the last 3 years, and I read everything there was to read on this subject I had lots of cases, marijuana cases. On my ship usage went from what I believe had to be the Navy average of about 40 some percent in 1980 down to under 10 percent in 1983 and 1984. And I think the use of urinalysis was the key. Yet when we had those apparent irregularities out in Oakland, it made those of us in command all the more careful. I had about seven cases in particular that were really difficult to believe because the man's entire chain of command backed him so much, and they were well known and well respected individuals. In every case I offered followup lie detector tests. In every case they either flunked or they did not take the test. So I think the system is tight, tight, tight now.

Senator Humphrey. OK. That is good.

I would like to have further statistics on this to show the trend expressed in percentage of the force in the way you just expressed it for both services, if you will.

[The information follows:]

URINALYSIS PROGRAM ANALYSIS

General CRIST. The urinalysis program was adopted in February 1982. Urinalysis statistics from 1982 to 1984 are provided below.

	October-December 1982	Calendar year 1983	Calendar year 1984
Samples tested	40,821	348,410	482,220
Samples positive	4,796	21,037	17,891
Percent positive	11.7	6.0	3.7

Urinalysis analysis does not detct all substance abuse because of the chemical composition of the various substances. Accordingly, to develop a more realistic substance usage rate for the service, the positive sampling rate is modified by a factor of three. This factor was developed by comparing the results of the urinalysis detection program to previous substance abuse survey results. This procedure is considered to provide a more valid usage rate.

Senator Humphrey. We will go now to a closed hearing. I ask those without security clearances to leave the room.

[Whereupon, at 4:08 p.m., the hearing was recessed, to be resumed in executive session.]

EXECUTIVE SESSION

Senator HUMPHREY. Before we get into the serious business, why is the situation in the Indian Ocean different than elsewhere?

Commodore RIENDEAU. Let me start and then I will turn it over to Commodore Clexton and let him give you his thoughts.

Senator HUMPHREY. Not that this is not serious.

Commodore RIENDEAU. When you are placed in harm's way or there is a possibility that you are in harm's way and you are the operational commander you must take the appropriate steps. I believe that only the operational commander out there knows at any given time what the appropriate steps are.

Those ships out there are under constant surveillance or nearly constant surveillance [deleted]. You must exercise those aircraft, preparing for taking them into combat.

So what happens, you are sitting out there and you are maintaining normal flying posture, plus all of the readiness conditions. It applies not only to the flight crews. It goes down to the engineering spaces, it goes down into the combat information center.

There is a degree of alertness that you do not have to maintain unless you are in an area where the threat is real.

Ed, let me ask you to expand on that.

Commodore **Clexton**. To expand on that a little bit, our men do not get any liberty over there, for one thing. When the *Eisenhower* was there in 1979, they were 250 days that year at sea and 160 days on station in the Indian Ocean. That is 5 months! They were under an alert condition [deleted]. It was a considerable drain on their morale.

Whereas in the Med, even if you are off Beirut where there is an equivalent alert condition, except for a few cases you can usually go into some port and get some liberty and relax for a short time.

Also the weather is generally lousy. It is not just the monsoon season, but also the sea swells, which means the ship moves around a lot and it is hard to land, which makes it tough. The pilots are dominantly doing controlled approaches in all the time. One of the few things that you can kind of enjoy when you do that kind of work is to come back to the ship, be able to see it, and land the airplane, rather than be continuously in instrument flight conditions.

Senator **Humphrey**. I understand all of that, but I get the impression that there is more tension there. I mean, you have got the Soviet ships playing games with you in the Mediterranean all of the time. Why is it so much more intense in the Indian Ocean to have aircraft?

Commodore **Riendeau**. I do not think the Soviet ships are the problem out there. The threat is always there from the terrorists that are flying all kinds of machines, who would just as soon crash them into the side of a ship or do anything else that is irrational. We do not expect the Soviets to do that.

[Deleted].

Senator **Humphrey**. I see. Thank you.

Commodore **Clexton**. The retention on the *Eisenhower* after that year in the Indian Ocean was 19 percent. I do not think you could get much lower. The retention rate for the rest of the Navy was up around 30 percent, but the ships coming out of the Indian Ocean after those extended cruises were running in the teens and the low twenties. People are just not going to stay in an outfit that requires that of them year after year.

CHEMICAL PROTECTIVE EQUIPMENT

Senator **Humphrey**. General Crist, what is the situation regarding chemical protective equipment? You have got some testimony on that at page 35, but I wanted to find out where we are against our requirements and so on.

General **Crist**. Yes. There are two aspects to chemical deficiency. One is that which we have in our current stocks, and that which we need in terms of required capabilities. In the case of our stocks, we are sitting at one-third our requirement in the chemical protective overgarment.

Senator **Humphrey**. How do you define your requirement?

General **Crist**. The requirement, sir, is first defined by the Soviet threat, the types of chemical weapons they have, and the exercises that we see them engage in. Here we are talking about defensive requirement, and the types of equipment we need to keep our people fighting in a chemical environment.

That develops the defensive requirement for us. But defining the requirement does not mean that we can necessarily satisfy the requirement. As I said one of the biggest deficiencies for us right now is the chemical protective overgarment. We have only got about a third on hand of that which we need in terms of the numbers of troops that need to put them on and how long the garments would last before they should be thrown away.

Senator **Humphrey**. What is "AO attainment"?

General **Crist**. Acquisition objective attainment in other words, is the requirement. The number you see is an expression of how well we are doing in terms of dollars.

Senator **Humphrey**. In terms of the protective garment, you have 21 percent on hand of what you figure you need; is that how you read that?

General **Crist**. That is correct. This year we will be purchasing new chemical protective overgarments. We also have a deficiency of the nerve agent antidote which we will be buying in 1986 for delivery in 1986.

Senator **Humphrey**. How do you express that as a percentage? Do you quantify that in some way?

General **Crist**. I am showing it to you in terms of dollars which is related to the numbers we have to issue per individual per shot as an antidote. Since these numbers are exceptionally large, we show it in terms of dollars.

We do not have the antidotes now.

Senator **Humphrey**. I still do not understand how you have this expressed. What does this mean, 1985, $3,820,000? You spent that much or will have spent that much?

General **Crist**. The dollars that you see is how much we plan to spend in fiscal year 1985. The percentage of acquisition objective means that, in the case of the M-17A2 mask, the new mask, we will have 100 percent of our troops with this procurement.

In the case of the chemical protective garments, you can see that we are still at the end of 1986, even with the funds budgeted, we will be only at 21 percent.

Senator **Humphrey**. But for the 17A2 mask and the nerve agent antidote, are you saying you have what you need?

General **Crist**. Yes, we will have what we need, although we plan to buy another antidote which should be complete in 1986. The current buys will be completed in 1985. We will be 100 percent in that regard.

Senator **Humphrey**. So you are in good shape on that?

General **Crist**. In that regard, yes.

Senator **Humphrey**. But the garments, you have only 21 percent?

General **Crist**. That is correct.

Senator HUMPHREY. What kind of progress have you been making on that? Is that improving?

General CRIST. There are other areas in which we have problems: systems to protect our crews inside the light armored vehicle and the amphibious assault vehicle, as well as for the embarked marines. We need that.

Senator HUMPHREY. Is that a retrofit.

General CRIST. Yes, sir, it will have to be.

Senator HUMPHREY. Are you committed to that now, or is that still under discussion?

General CRIST. We have funds in the fiscal year 1986 RDT&E budget to test such systems for our LAV's and LVT's. That just provides for the mask. It does not provide the pressurized internal protection that you might be familiar with on an M1A1 tank, where they can button up. They will still have to be in the protective clothing.

For the aircraft, we are getting a ventilated facepiece to go on the mask for flyers, and we are looking at a lightweight decontamination system for our vehicles. Right now the decontamination equipment is very heavy, bulky, and requires a lot of water. We are trying to do something about that.

A lot of this is based on R&D, Senator. Even if I had the funding today, I could not buy the equipment or systems.

Senator HUMPHREY. I know the equipment is lousy.

General CRIST. We still need body cooling systems.

Senator HUMPHREY. Is this stuff under development? What is going on?

General CRIST. Yes, sir. We have body cooling systems under development.

Senator HUMPHREY. Who has responsiblity for this R&D?

General CRIST. In the case of the infantry and crew vehicle protection, the Army has the lead, and, of course, we follow the Army on these matters. In the case of fixed wing crewmen, the Air Force has the lead. However, the Navy, in the particular case of Marine Aviation also provides esssential equipment for aircraft survivability.

Senator HUMPHREY. So for the infantry, the ground forces, the Army is doing it.

General CRIST. Yes.

Senator HUMPHREY. You are not requesting more money than in 1986 because you think this is a reasonable figure, a compromise between having something and not stocking up completely on an item that you are not crazy about?

General CRIST. No. It is not a case of money. In the case of the overgarment, it is a case of availability and this is the best we can procure.

Senator HUMPHREY. What does that mean, the best you can procure?

General CRIST. In terms of the actual procurement, the contractor's ability to produce the garment.

Senator HUMPHREY. You are proposing to procure at the maximum rate?

General CRIST. I believe so, sir. We do not have a shortage here in terms of money.

Senator HUMPHREY. If you have the money to spend, why will they not turn them out faster?

General CRIST. That, sir, is a question I cannot answer and I will have to tell you that for the record.

[The information follows:]

CHEMICAL PROTECTIVE OVERGARMENT

The chemical protective overgarment the Marine Corps intends to procure is scheduled to complete development during fiscal year 1985. Although a contract has not been awarded, it is expected that the production base will be sufficient to produce the number of chemical protective overgarments the Marine Corps requires. The current plan for the chemical protective overgarment is to complete initial issue requirements (one suit per man) over a three-year period with completion during 1988. Informal discussions with the prospective contractor indicate that increased quantities could be produced if additional funds were available.

Senator HUMPHREY. I understand. Well, are you terribly worried? I mean, is this one of the real worrisome things to you or is this not that big a deal?

General CRIST. It is worrisome, there is no question.

The Army is also currently buying overgarments. They have an even greater shortage than we do in the same area.

Senator HUMPHREY. Do all of your MAU people have those garments?

General CRIST. They have an older garment. In the case of the forward deployed units, Marine Amphibious Units, yes they have them. Of couse, the shortfall is taken up out of the units that are not deployed.

Senator HUMPHREY. All of your deployed people have——

General CRIST. Yes. As I say, there are other things that we really need. We need shelters for our wounded in contaminated environments. We need better detectors, antidotes with a multi-agent capability, because, as you well know, Senator, the capability of the Soviets is increasing. We are having some difficulty simply keeping up with the counters to those capabilities.

CRUISE MISSILES

Senator HUMPHREY. Commodore Riendeau, your chart number 10, which is the last page of your document—I do not understand how this thing is laid out. Let us take cruise missiles. What are these numbers on the vertical part of the chart?

Commodore RIENDEAU. I am going to let Commodore Clexton answer, because this is really is his bailiwick. The reason they did it this way is so we could show you an unclassified display which displays only the rate that we are procuring.

Senator HUMPHREY. I cannot even determine that from it.

Commodore CLEXTON. Mr. Chairman, the chart is in relative terms. Whatever was in the bins in 1981——

Senator HUMPHREY. These are multiples of the 1981 base line?

Commodore CLEXTON. That is right. So if it is seven times something, that means that was a munition that we either need a lot of, or there were not very many to start with, whereas others would be times two and three.

CRUISE MISSILES

Senator HUMPHREY. Well, let us start with cruise missiles. How do you want to express this? You are supposed to have, what, [deleted]? What is the requirement? To what level are you supposed to be stocking these things?

Commodore CLEXTON. [Deleted.]

Senator HUMPHREY. Beginning what? [Deleted] beginning when?

Commodore CLEXTON. The requirement for sustainability increases [deleted].

Senator HUMPHREY. So presently [deleted].

Commodore CLEXTON. Yes, sir.

Commodore RIENDEAU. In accordance with defense guidance, is what he is saying.

Senator HUMPHREY. I understand.

OK. Well, where do we stand on cruise missiles?

Commodore CLEXTON. On the chart, the diagonal hash marks show what is on hand in the magazines. The horizontal hash marks indicate what is currently in the budget. The white area beyond that depicts what is needed in the outyears, heading for the goal shown at the top.

Would you like the numbers of cruise missiles we have in the magazines?

Senator HUMPHREY. No. Before we go further, the first two categories, on hand and being purchased. So this is stuff that is either on hand or in the pipeline irrespective of the 1986 or future budgets?

Commodore CLEXTON. That is right. Even though it may be within the 1985 budget, the items will not show up in the bins until 1987.

Senator HUMPHREY. This stuff is locked in?

Commodore CLEXTON. That is right.

Senator HUMPHREY. Now, I would like you to, if you can, if this is the best way to do it, express our level of inventory as a percentage against the policy goal, [deleted]. Can you do it that way? I am open to any way you want to do it.

Commodore CLEXTON. How do we detemine what the goal is?

Senator HUMPHREY. I want you to tell us now for each of these categories, cruise missiles and so on, what percentage you have on hand—let us take these first two categories, on hand or being purchased. Those two will take us up to what percentage of our [deleted] requirement for each type of weapon?

Commodore CLEXTON. I need to know what the base one is to do that, to answer that question.

Commodore RIENDEAU. Could we just talk a minute?

Senator HUMPHREY. Sure.

[Pause.]

Commodore RIENDEAU. Senator, I just checked with Ed because I am not familiar with this display. But in the cruise missile area, the Tomahawk, [deleted].

Senator HUMPHREY. So the first category is 45.

Commodore RIENDEAU. That would be cruise missiles. That is the surface. For the subsurface missiles [deleted]. There is a difference in the configuration on those. That takes care of the cruise missiles, then.

The air to air missiles——

Senator HUMPHREY. Wait a minute. I am still not straight on this. What percent do you have for cruise missiles?

Commodore RIENDEAU. The surface version [deleted]. The submarine-launched version is 15 percent.

Senator HUMPHREY. OK.

Commodore RIENDEAU. Now, the next one, the air to air missiles, Phoenix—that is the AIM 54C, A-I-M 54C—[deleted].

Senator HUMPHREY. The ship fill?

Commodore RIENDEAU. Yes, the ship fill. That relates to full magazine capacity of a ship being loaded.

Senator HUMPHREY. [Deleted] but with respect to filling the magazine on ships——

Commodore RIENDEAU. They are being put into ships at a higher rate.

Senator HUMPHREY. [Deleted.]

Commodore RIENDEAU. Yes, sir.

In the Sparrow—that is the AIM-7 missile—[deleted].

In the Sidewinder missile, the AIM-9, [deleted] we will be at our combat fill [deleted].

Senator HUMPHREY. [Deleted] and do you have a ship load—for what year——

Commodore RIENDEAU. We do not have the number today, Mr. Chairman. But we will be filled in fiscal year 1987, so I suspect it is a faily high percentage number right now.

Senator HUMPHREY. All right.

Commodore RIENDEAU. Surface to air, the next category, the SM ½ extended range Terrier missile. That is a lot of words, but it is the big surface to air missile. [Deleted.]

The medium range version, [deleted].

NATO Sea Sparrow, our short range missile, [deleted].

I will point out that we reach our objectives by 1991 in all of those categories.

There is an additional missile coming down called the Rolling Air Frame missile, and we have not had any procurement on that yet.

Senator HUMPHREY. Rolling Air Frame?

Commodore RIENDEAU. It is called the RAM, R-A-M, Rolling Air Frame missile. I am not a missileer, but it is the latest thing.

Senator HUMPHREY. Does that mean it spins?

Commodore RIENDEAU. Yes, it does. I think it is spin-stabilized. Most missiles are fin-stabilized.

Senator HUMPHREY. Yes.

Commodore RIENDEAU. I presume it must be more like a projectile than it is like a missile.

Air to ground missiles. In the air to ground category, we have the laser Maverick procurement. The missiles start to arrive in 1985.

The next category is the I-2R Maverick, and our initial missiles there will arrive in 1987.

Senator HUMPHREY. What does I-2R mean?

Commodore **Riendeau**. It is a multisensor Maverick, Senator. I would have to provide that to you. I think it is a heat-seeker and it is also an EW-seeker.

The HARM, which is the antiradiation missile, the long range one, [deleted].

The Hellfire, which I believe, General, is the antitank missile?

General **Crist**. That is correct.

Commodore **Riendeau**. The antitank missile, we get our first deliveries in 1987.

Now, I only have the data on the new missiles. We obviously have other of the older missiles in inventory at significant numbers because they have been around for a long time. What we were really concentrating on are the things that we really want, the missiles that give us the stand-off capability that we do not get out of the old ones.

Senator **Humphrey**. Are you in pretty good shape on those older models in terms of quantity against objective?

Commodore **Riendeau**. I would have to provide an answer for the record, Mr. Chairman. I do not know.

Senator **Humphrey**. Well, Commodore Clexton I guess has had a recent ship command.

Commodore **Clexton**. Well, I am not sure if there is anything more that is not in here.

Senator **Humphrey**. What is the Standard?

Commodore **Riendeau**. I do not have any information on the Standard.

Senator **Humphrey**. Is that in the category you are talking about, sir, old line stuff? That is still——

Commodore **Riendeau**. I guess the SM ½ MR is the Standard.

Commodore **Clexton**. Yes. He covered that under surface to air missiles.

Commodore **Riendeau**. I do not have the generic name for them. It is the SM ½ medium range would be the standard missile.

Senator **Humphrey**. All right.

Commodore **Riendeau**. I do have the torpedo information. The Mark 46—in the torpedoes, the Mark 46, [deleted].

The Mark 48 and the ADCAP version, [deleted] I do not have a ship fill number on that.

Senator **Humphrey**. All right. Let me ask you to—I know that Senator Glenn has a particular interest in this as well. Would you provide us the kinds of statistics you have here so far, standardized in format as much as possible. In other words, your systemwide fill and your ship load fill for each of these types.

Commodore **Riendeau**. We can do that, Mr. Chairman, and it might be—if you really want to pursue this, it might be worth a briefing, instead of just trying to send you the information, to have someone come over and sit down with you and whoever else would be interested. Let the procurement people as well as the operational people talk through this.

Senator **Humphrey**. I will tell you what I would rather do. If you would provide the information I have requested now, after we finish this initial round of budget hearings, hearings on the O&M request, we are going to, during the balance of the year, be doing a good deal of oversight. I think this would be a good subject for a separate closed oversight hearing.

So I think I will do it that way. But in the meantime, if you will provide us with the information that I requested.

Commodore RIENDEAU. Yes, sir.

Senator HUMPHREY. OK. Well, those are the figures. What does it all mean? Where are the war-stoppers in this picture?

Commodore CLEXTON. When you say "war-stoppers" are you referring to the CINC's list of war-stoppers for the definition of that term? That term has been used recently by the CINC's in their testimony, I guess.

Senator HUMPHREY. Is that right?

Commodore CLEXTON. I was not privy to what they listed in their figures. When we are talking about fill by 1991, that is based on programs like sono buoys, air-to-air missiles and surface-to-air missiles staying on track.

Senator HUMPHREY. Yes, I understand. Those are the things you worry the most about in this kind of munitions area?

Commodore CLEXTON. Yes, sir.

Now, if there was an ASW expert in here he would probably add torpedoes to that as well. I mean, they are all down. You can see there is nothing up to where it really belongs, so they are all of concern.

Senator HUMPHREY. All right. Beyond this stuff, beyond these weapons, what are the other things that are classified as war-stoppers for the Navy? Any other really pressing problems?

We have lots of pressing problems, right?

Commodore RIENDEAU. It is difficult to say. It is almost scenario driven at this point. Eventually it will not be scenario driven, but I think at this point it is. It is very difficult to answer that in the abstract form.

Obviously, if you had a great demand for torpedoes and you look at your 48 inventory, that would be significant. But if it was air-to-air combat someplace that is a big area, something else could rise up as the stopper.

Senator HUMPHREY. Why do you say that it will not be scenario driven? You are saying because we will have enough of everything?

Commodore RIENDEAU. When we reach inventory objectives, then theoretically we would have no war-stoppers.

Senator HUMPHREY. OK. General Crist, what are the things that worry you the most?

General CRIST. In defining "war-stoppers" meaning just exactly that, as opposed to other things about which I have concern, I guess I would first have to say the 155mm ammunition; specifically the RAAM rounds, the ADAM rounds, and the Copperhead.

Next I would say Stinger missiles. I would agree with the Navy fully in the air-to-air missile category and with all the things that they have said. The last one, the one that we have already discussed at some length, is NBC equipment.

Senator HUMPHREY. OK. Do you have numbers on the 155?

General CRIST. Yes, sir. In terms of the ADAM rounds our attainment—if you want it in terms of percentages of the total requirement at the end of fiscal year 1986—would be 31 percent.

Senator HUMPHREY. At the end of 1985, if you have it?

General CRIST. I have the dollars and quantities and extrapolated percentages.

Senator HUMPHREY. Give it to me in numbers.

General CRIST. Air acquisition objective is a total of 146,000. I have it for 1986, but not for 1985. But even then, I would say, just to make the point, if we are talking about the dollars in 1986, we are still only at 31 percent of the requirement.

Senator HUMPHREY. OK, so that if you have 31 under 1986 under present budget assumptions—well, do you want to take a stab at what it is for 1985? Twenty five percent or something?

General CRIST. Eighteen percent for the ADAM rounds.

Senator HUMPHREY. Eighteen percent in 1985 and you are jumping up to 31 in 1986?

General CRIST. Yes. The ammunition lines are up this year in terms of the dollars.

In terms of the RAAM rounds, 30 percent in 1985, moving to 41 percent at the end of 1986.

Copperhead is about 1 percent, moving in 1986 to 5 percent.

Senator HUMPHREY. So that is just getting started.

OK, we have some questions for you to be answered for the hearing record.

[Questions with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR ALAN J. DIXON

CONTRACTOR SERVICES SUPPORT FUNDING

Senator DIXON. Commodore Riendeau, last year the fiscal year 1985 Defense Authorization Act included a ceiling of $1.3 billion on funds for contractor support services.

At the time, we understood that this was the level the military services requested in fiscal year 1985, based on their budget justification material. Now it turns out that at least the Navy actually planned to spend considerably more than what would have been their portion of the $1.3 billion.

The Navy's budget justification material last year showed that the Navy would be spending approximately $640 million for contractor support services in fiscal year 1985.

A message from the Chief of Naval Material dated December 11, 1984, stated that the Naval Material Command alone had "a potential problem in excess of $400 million."

Is this still an accurate figure?

How could there have been such a discrepancy in what the Navy said they were going to spend for contractor support services and what they actually planned to spend?

Commodore Riendeau, what steps have you taken in the Navy to live within this ceiling on contractor support services in fiscal year 1985?

What have you done to eliminate this discrepancy between what you supposedly request in the budget for contractor support services and what you actually plan to spend for these activities?

Commodore Riendeau, when Congress enacted the ceiling on contractor support services last year, it did not make any reductions to the services' budget request to get down to this ceiling. So the amount Congress appropriated actually included the higher amount the Navy planned to spend on contractor support services, not the lower $640 million that the Navy is now limited to spending under the ceiling. What are you going to do with the money in your fiscal year 1985 program for contractor support services that is in excess of the $640 million ceiling?

What appropriations accounts is this money in?

Why shouldn't Congress move that excess fiscal year 1985 contractor support services money forward and apply it against your fiscal year 1986 budget request?

Commodore RIENDEAU. When the Department of the Navy share of the limitation on spending was initially promulgated to our program executing commands in December, they attempted to quickly assess the magnitude of the problem. Using their contract planning systems, they developed preliminary estimates that would have required several hundred million dollars of additional limitation. In view of the legal and program execution ramifications, we have, in the intervening period, conducted an in-depth review of requirements. It appears that approximately $80 million worth of contractual effort in support of approved programs will not be accomplished. The $80 million shortfall includes $30 million in the operation and maintenance accounts and $50 million in the procurement and research accounts. The bulk of this effort consists of management and engineering support for program managers in the areas of integrated logistics support, configuration management and provision of government furnished equipment/information. Much of this contract effort supports our shipbuilding program and various weapons systems. The $80 million shortfall is based on our current best estimate of planned contract activity which falls under the constraints of the legal limitation. We are examining alternative ways to accomplish this effort using in-house resources at both industrial and non-industrial fund activities based on their assigned missions. The Department intends to manage any emerging difficulties that arise due to the limitation, as it excutes its programs through the course of fiscal year 1985.

The $1.3 billion spending limitation was based on two budget exhibits, PB 21 and PB 25, which display estimates of funding for the contract services in question. The PB 21 and PB 25 exhibits address estimates of functional categories of effort in accordance with the prescribed definitions of Contractor Support Services. The PB 21 and PB 25 are based on our program managers' estimates of how their funded program may be excuted by type of contractual activity. This differs significantly from the primary manner in which the Navy budget is formulated, addressing program requirements by appropriation and account. When faced with administering a legal limitation on spending and obligations which encompassed consultants, studies and analyses, management support contracts and contract systems and technical engineering, it became apparent that the PB 21 and PB 25 exhibits did not capture the full scope of contract services addressed in the law.

The Department of the Navy has allocated appropriate shares of the Contractor Support Services limitation by appropriation to each of its major executing commands by letter and in appropriate funding documents. The Department has directed that in adhering to the limitation the definitions used in preparation of the PB 21 and PB 25 Budget exhibits are to be used. Our guidance also stressed that the limitation constitutes a legal restriction on fiscal year 1985 funds available for obligation or expenditure on all Contractor Support Services. Because the statutory limitation imposed a control by type of contract activity rather than by the customary accounting categories of authorized and appropriated programs, the Department of the Navy guidance also directed claimants to establish necessary control, accounting and management reporting procedures, and to report obligations to date on a monthly basis.

The Department of the Navy has been an active participant in Department of Defense efforts to improve the control, accounting, and mangement reporting procedures for Contractor Support Services. An initiative is also underway to refine the definitions across all the Military Departments by which such contractor effort is identified. We will ensure that the Navy's programs are executed with as little disruption as possible while we comply with the provision of the fiscal year 1985 Authorization Act.

Senator HUMPHREY. OK, very good. Thank you for your time and your help.

Commodore RIENDEAU. Thank you, sir.

Senator HUMPHREY. It is going to be a tough year.

[Whereupon, at 4:42 p.m., the subcommittee was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, MARCH 21, 1985

U.S. SENATE,
SUBCOMMITTEE ON PREPAREDNESS,
COMMITTEE ON ARMED SERVICES
Washington, DC.

AIR FORCE READINESS AND O&M AND AMMUNITION ARMY AMMUNITION AND OTHER PROCUREMENT

The subcommittee met in open session, pursuant to notice, at 10:02 a.m., in room SR-232A, Russell Senate Office Building, Senator Gordon J. Humphrey (chairman) presiding.

Present: Senators Humphrey, Dixon, and Glenn.

Staff present: Ronald P. Kelly and David S. Lyles, professional staff members; Patricia L. Watson, research assistant; and Lisa M. Tietge, staff assistant.

Also present: Allan Cameron, assistant to Senator Denton; Charles C. Smith, assistant to Senator Dixon; and Phillip P. Upschulte, assistant to Senator Glenn.

OPENING STATEMENT BY SENATOR GORDON J. HUMPHREY, CHAIRMAN

Senator HUMPHREY. The subcommittee meets today to examine Air Force readiness and the O&M budget. Senator Dixon has submitted a prepared statement for the record. Without objection his prepared statement will be inserted in the hearing record at this point.

[The prepared statement of Senator Alan Dixon follows:]

PREPARED STATEMENT OF SENATOR ALAN DIXON

Mr. Chairman, I join you in welcoming the witnesses to the subcommittee this morning.

This will probably be the last of our Preparedness Subcommittee hearings before we begin marking up the fiscal year 1986 Defense Authorization bill. The actions of the Senate Budget Committee make it very clear that we are going to have to make some substantial reductions to the fiscal year 1986 Defense budget.

Mr. Chairman, I know you share my hope that we can find ways to cut costs in all of the accounts under this subcommittee's jurisdiction without hurting readiness and sustainability. But we are not going to be able to do this unless we get some help from the Defense Department.

I look forward to the witnesses' testimony. I will have questions for the witnesses after they have given their statements.

Senator HUMPHREY. We will ask General Marquez to begin, if you will.

STATEMENT OF LT. GEN. LEO MARQUEZ, DEPUTY CHIEF OF STAFF, LOGISTICS AND ENGINEERING, U.S. AIR FORCE, ACCOMPANIED BY MAJ. GEN. THOMAS A. BAKER, DIRECTOR OF PERSONNEL PLANS, MANPOWER AND PERSONNEL, U.S. AIR FORCE

General MARQUEZ. Thank you, Mr. Chairman. I am happy to appear before you again today to discuss with you the progress the Air Force has made in the area of combat readiness.

Over the last 4 years we have made dramatic gains in our ability to support the operations of our combat forces. We are rebuilding our spare parts stockpiles and increasing our inventory of munitions and our capacity to store aviation fuel.

In addition, we are providing the aircraft maintenance and modification programs we need to keep our forces safe, efficient, and combat ready.

The Air Force fiscal year 1986 budget represents a very carefully balanced set of logistics programs that will continue these trends and will allow the Air Force to move toward the sustainability goals established in the Defense Guidance.

I have prepared a written statement which summarizes our efforts and progress in these areas. Now, if the subcommittee will permit, I would like to focus my remarks on one area of special interest: spare parts. And if I may, Mr. Chairman, I would like to present it in the form of a set of charts which I would like to show.

Senator HUMPHREY. Fine.

SPARE PARTS

General MARQUEZ. As I said, we focus on improvements made in aircraft spare parts sustainability. As you are aware, we have had a lot of conversation on this topic over the last year, not all of it favorable. So, I would like to talk to you a little bit today about the improvements we have made in the acquisition process and the efforts and reforms we have made in this area, and then show you the improvements these efforts, plus the favorable funding we received from the Congress over the last 4 years have resulted in major improvements in our sustainability efforts.

Briefly, just as background, when we speak of spare parts, of course, we categorize them into three main categories which are peacetime operating stocks—those are the stocks we use for our peacetime operating plan to keep our forces trained and up to date. Then we also break down our war reserves into war readiness spares kits which are kits that deploy with a mobility commitment; and then on our deployed forces overseas which are in place we have base level self-sufficiency spares which we call BLSS; and finally, the other war readiness material which is that material required in the plan from the period of 60 days to the point where sustainability can be picked up by reprocurement and the other war production efforts.

As you will recall in the area of spares acquisition, we have done a lot of work. We have a lot of guidance, starting from our Secretary of Defense competition initiatives which set the tone for everything we have done. Secretary of the Air Force, Mr. Orr, has given us other guidance in pricing initiatives, which have all had a very positive effect.

We are getting a lot of industry cooperation now as we deal with them in quantity discounts and competition and breakout from prime contractors to the original manufacturers.

Of course, a major help has been the fact that the inflation rates have gone down quite a bit, and our economy overall has improved. This has made it possible for us to do a much more favorable breakout effort and increase our competition efforts among companies that are able to produce for us.

The current situation, as I say, inflation is down; our initiatives have been working; and we are doing very, very well in our economic quantity purchases in terms of price breaks and our ability to buy more than we actually thought we had purchased in our budget request in the past years.

EFFECT ON SPARES AVAILABILITY

Lower prices allow greater acquisition within TOA.
POS and WRSK/BLSS fully funded.
OWRM selectively funded.
Significant improvements in spares availability.
Average procurement leadtime: 2 years.

That has been the effect of those three actions. We have greater acquisition within the funding allocations we have. This year has allowed us to do the following. With 1986 we now fully fund all our peacetime operating stock. We have taken care of all of the backlog that we had of unfunded requirements. Fully funded are war reserve kits and base level self-sufficiency kits, and we are selectively stepping up the funding of OWRM. We have fully taken care of the strategic mobility problem and we are now working on the tactical forces.

That has all caused and shown significant improvement in spares availability. And as we look at the spares situation today, of course, that is affected by the fact that the average lead time, production lead time for these spares, is about 2 years.

We are as we sit here today now starting to feel the effects of the funding that we received in fiscal 1983. It is now turning into funded delivery stocks on our shelves and in our kits.

ITEM SAVINGS

WEAPON SYSTEMS	ITEM	PROJECTED COST	ACTUAL COST	% CHG
A-10	HEADS UP DISPLAY SYMBOL GENERATOR	$81K	$45K	-44
F-111	WING CARRIAGE	$4K	$2K	-50
C-5	MAIN LANDING GEAR STRUT ASSEMBLY	$443K	$375K	-15
B-52	SERVO CONTROL	$192K	$123K	-36

To give you an idea of how the reforms are working, here are just four examples of items which we have purchased, and these numbers here are what we thought we would have paid for them when we last bought them either in 1979 or 1981 and that price adjusted for the inflation that occurred since those days.

The actual cost that we paid is in the second column. You will see percentage changes have all been in market decline in pricing by these kinds of initiatives: breaking out for competition the landing gear for the C–5 from the new supplier for the B–52 servo control and all of these things have provided these kinds of savings.

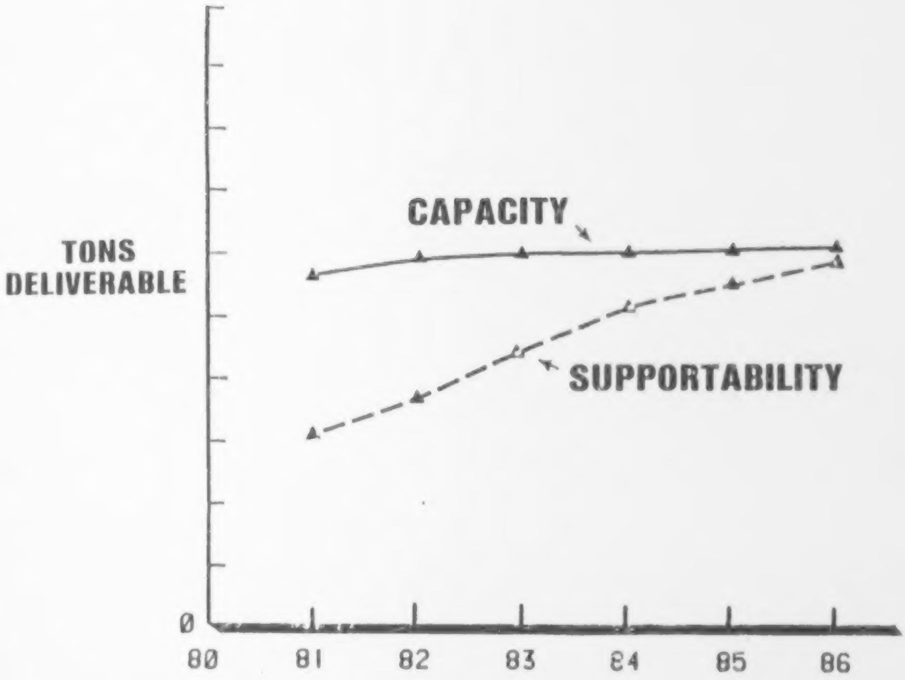
Fiscal year 1984 savings

[In millions of dollars]

Weapon system	*Decrease in Requirement*
A–7	$11.5
A–10	7.1
F–15	16.4
F–16	34.6
F–111	10.0
C–5	15.1
B–52	59.7

As an example, because of that we have seen in all the major weapons systems these kinds of decreases in requirements. In fact, our budget submission this year reflects a 14 percent reduction over what it would have been had we not had these savings here.

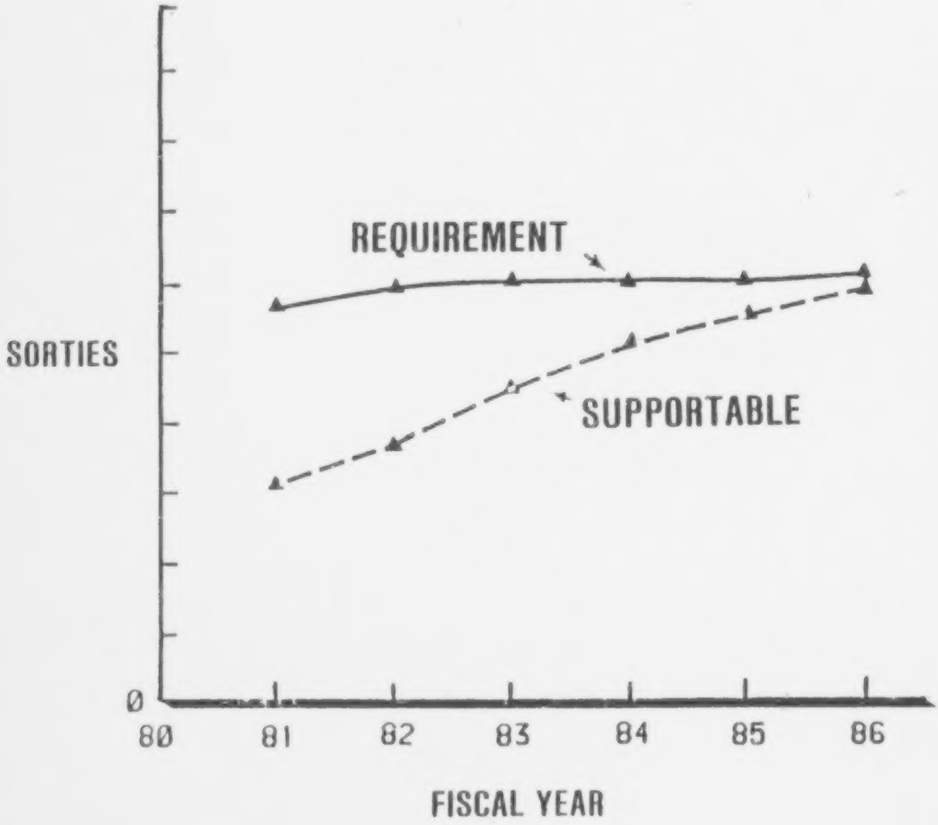
C-5 & C-141 SUSTAINABILITY BASED ON SPARES (GLOBAL WAR ORIGINATING IN NATO)



What has that done for us? In the area of sustainability in our strategic airlift, the capacity line that you see right here says that for the force we have available, the C-141's, the C-5's that we have available, if they were able to operate at our planned wartime rate which is 10-15 hours utilization a day, that would be the total capacity in tons mils. That capacity has been restricted in years past by the fact that we do not have the supportability aspect of spare parts to hold them.

In 1981, as you can see, we were not far below, and as we look at 1986 now with the funding received in 1986, this will allow us to get to full capacity of the airlift fleet that we own, and I think that will show you the trend in readiness and sustainability that has certainly been effective.

TACTICAL FORCES SUSTAINABILITY BASED ON SPARES
(GLOBAL WAR ORGINATING IN NATO)



In the tactical forces, you see a like picture. Here we had the sortie requirement based on a global war originating in NATO in our mobilization plan. This will be the number of sorties that would have to be flown in a 60-day period. That would be the requirement line.

Our ability to fly, again you see the trend. It is quite favorable.

Summary

Because of increased funding; better spares acquisition; and reduced inflation.

We have significantly increased wartime sustainability: C-5 and C-141 airlift: 64 percent more cargo delivery; tactical fighter: 76 percent more combat sorties.

In summary, because of the improved funding that we have received from the Congress, our acquisition reforms, inflation, we have significantly increased our wartime capability and now are able to fly 64 percent more cargo tons than we would have been able to deliver in 1981, and 76 percent increase in our tactical fighter combat sorties.

Senator HUMPHREY. Thank you, General Marquez.

[The prepared statement of Gen. Leo Marquez follows:]

PREPARED STATEMENT OF LT. GEN. LEO MARQUEZ, DEPUTY CHIEF OF STAFF/LOGISTICS AND ENGINEERING, HEADQUARTERS, U.S. AIR FORCE

Mr. Chairman, members of the subcommittee: I welcome the opportunity to appear before you today to discuss the readiness and sustainability of United States Air Force forces.

Our ability to deploy and sustain our fighting forces in a prolonged conventional war has increased markedly over the last four years. Funds requested in this year's budget will continue the steady growth in our logistics capability which must be maintained to provide strong defense and credible deterrence.

We are obtaining the spares and repair parts which are needed to maintain our weapon systems at a high state of readiness and to sustain their use in a protracted war. We will provide depot level maintenance and overhaul for aircraft, engines, equipment, and components necessary to support these goals. We are improving our capacity to store aviation fuel. We will modify our weapon systems to modernize them, improve their capabilities, and increase their reliability and maintainability.

We have structured a well balanced program which will assure our continued progress towards achieving our long-range goals of readiness and sustainability of USAF combat forces.

SPARES

Adequate acquisition of spares is essential to peacetime readiness and wartime sustainability. Initial spares support the initial operations of new aircraft, modifications and support equipment. Replenishment spares provide follow-on support and finance the bulk of peacetime and all of the wartime spares requirement. There are three categories of aircraft replenishment spares: Peacetime Operating Stocks (POS), War Readiness Spares Kits/Base Level Self-sufficiency Spares (WRSK/BLSS), and other War Reserve Material (OWRM). The POS spares support our peacetime training and form the baseline for our wartime readiness. WRSK/BLSS supports initial wartime operations and increases our overall readiness to deploy and fight in place. OWRM assets provide wartime sustainability until industry mobilizes and achieves production levels that meet our wartime requirements.

In the last four years the Air Force has made great strides in improving funding for spares to support the new weapon systems we have brought into the inventory, as well as replenish stocks to maintain our older weapon systems. Air Force, DOD, and legislative reforms in our spare parts acquisition process have led to substantial spares savings. As a result, we are now able to get more spares for our money. The combined effect of increased funding levels and reduced spares prices have permitted significant investments in both readiness and sustainability stocks in 1984 and 1985.

The fiscal year 1986 budget continues to emphasize improving readiness and sustainability in the logistics area. Approximately $4.9 billion has been requested for spares in this budget submission. In fiscal year 1986, the Air Force has programmed funding to fully achieve near term sustainability objectives for tactical forces. This capability will be achieved in fiscal year 1988 when spares are delivered from fiscal year 1986 procurements.

DEPOT MAINTENANCE

The Air Force Depot Maintenance program serves many customers and is highly visible because of its direct impact on force readiness. Our Air Force Logistics Command (AFLC) is responsible for the management and accomplishment of depot maintenance workloads. Work is accomplished in industrial plants, either by AFLC in its own facilities (organic); by private industry (contract); by other military services (interservice); or by specialized organic and contractor teams deployed to operational sites. Based on dollars, the total active fiscal year 1986 Air Force depot maintenance program request of $3.7 billion is distributed as follows: 48 percent in our organic depots, 49 percent to contract services, and 3 percent to the other military services. Our high percentage of contract supported work is related to Air Force compliance with the general policy of the government and Department of Defense to rely on competitive private enterprise to accomplish depot maintenance work when no overriding factors require in-house performance. The Air Force uses a decision tree logic process that identifies the optimum organic/contract mix needed to support our peacetime readiness needs and yet be fully capable of expanding to meet wartime surge workload requirements.

The Depot Maintenance program supports the installation of modification kits and the maintenance of weapon systems, engines, other major equipment items, exchangeable components that are beyond the capability of field level maintenance organizations, Interim Contractor Support (ICS), and Big Safari (classified programs).

Depot Maintenance is a major source of serviceable spares for peacetime operations. Spares repaired under this method cost less than 15 percent of new procurement costs for comparable items. Additionally, reduced funding would result in lower component repair rates which critically impact readiness levels, increased cannibalizations which waste manpower, and increased Not Mission Capable (NMC) rates.

STOCK FUND

The stock fund contributes to Air Force readiness and sustainability by providing consumable repair parts to maintain our weapons systems, equipment and facilities, and other consumables such as fuel, medical supplies, and rations. The FY86 budget requests funds for prepositioned War Reserve Materiel, including aviation fuel and OWRM. Requirements are also included in the FY86 budget for peacetime inventory augmentation to support increases in force structure and activity levels.

AVIATION FUEL STORAGE

Our war reserve fuel requirements continue to reflect a growth trend due to refinement in our Southwest Asia planning, higher utilization rates for Military Airlift Command aircraft, new aircraft acquisitions, and expansion of our theater planning philosophy in consonance with the Defense Guidance scenario. We are working with the Defense Logistics Agency to obtain additional storage for Air Force war reserve requirements within their wholesale terminal system. We are also a proponent of exploring new options that increase war reserve storage. At the same time, we are building additional war reserve storage on-base using host nation support, NATO infrastructure, and the U.S. military construction programs. These initiatives have significantly increased our war reserve stockage position; however, the gains have been offset by growth in war reserve fuel requirements. Our current shortfall of slightly less than one-third is projected to exist throughout the Five Year Defense Plan.

MODIFICATIONS

The modification program is designed to maintain the Air Force aircraft inventory at the most modern configuration level at the minimum cost. There is a relatively low percentage of new aircraft entering the inventory, resulting in an average aircraft age approaching 16 years by the end of FY 1986. The modification program provides for new capabilities to allow this aging inventory to counter the changing and increasing threat. It also provides for extension of service life beyond the original design goals and ensures maximum safety for the aircraft and crews.

Operational readiness is directly impacted by modifications to improve system reliability and decrease out-of-commission time. We have been able to take advantage of new technology hardware to replace systems for which spare parts and logistics support are no longer available and, as an added advantage in many cases, we gain improved capability. Standardization programs which have been strongly supported by this Committee and industry have provided current technology hardware which is providing the opportunity for significant improvement to some of our supportability problems without an extended development time. The F/FB-111 avionics modernization program is a notable example of adaptation of hardware developed and employed on other weapon systems to upgrade the bomb-navigation equipment of this important weapon system. Also, a very successful competition was conducted for a state-of-the-art autopilot when the safety of the C-135 and B-52 required replacement of their 1950s technology autopilots. Several hundred million dollars was saved over the previous estimates on these modifications.

We are completing the procurement of the C-130 and C-135 wing modifications in fiscal year 1986 to protect service life for these aircraft. We are also replacing tube-type avionics and analog computer technology with modern, reliable systems. B-52 radar, RF-4C radar, F-4G inertial navigation system, and numerous common systems such as radios, radar altimeters, and air data computers are examples of the many modifications being accomplished to solve supportability problems, improve operational readiness, and reduce out-year support costs.

Modifications on in-service weapon systems that are providing an improved capability to meet newer threats without procuring new aircraft are also underway. We are reducing our tanker shortfall with the re-engining of the KC-135 with the commercial turbofan CFM-56 engine which provides an increased range and fuel load capability. This year's budget also requests funds for internal ALCM Carriage and ACM integration for the B-52H and improved Electronic Countermeasures (ECM) equipment on several aircraft.

RELIABILITY AND MAINTAINABILITY

Reliability and Maintainability (R&M) are critical elements of effective weapon systems. The Air Force has rapidly developed and applied new technology and, as a result, pushed the performance of our systems to new plateaus of capability. However, operational effectiveness also depends on our ability to successfully support these complex systems in ever more hostile environments. This intensified threat has put a higher premium on R&M. For this reason, the Air Force is committed to accelerating the improvement of R&M across our weapon systems.

Until now, our emphasis on R&M has been focused primarily on cost-efficiency considerations. Today, however, operational necessities and logistic support considerations, such as mobility, vulnerability, and manpower limitations demand we rethink this focus and work for more rapid improvements in our weapon system R&M.

Accordingly, at the direction of the Secretary of the Air Force and the Chief of Staff, the Air Force has implemented an action plan called R&M 2000. This plan was prepared to institutionalize that commitment to improved R&M. The action plan is aimed at ensuring R&M is considered across all of our weapon systems and created equally with cost, schedule, and performance.

To bring about these changes within the Air Force, R&M 2000 concentrates on key management objectives. These objectives are aimed at supporting the senior-level commitment to R&M, convincing industry of the necessity of this commitment and focusing our manpower and program resources on institutionalizing this commitment. As part of this process, the Air Force has R&M initiatives imbedded within many proposed RDT&E, system acquisition, and product improvement programs in its fiscal year 1986 budget request.

In summary, the R&M 2000 plan has the commitment of all Air Force commanders. It will affect all of our weapon systems, involve our best people, cut across all our functions, and capture the support of our contractors. We are fully committed to the success of this plan and look forward to your mutual support as we jointly institutionalize improved reliability and maintainability throughout the Air Force.

CONCLUSION

The readiness and sustainability of our combat forces has been greatly improved—but more work remains to be done in this area. The 1986 Air Force budget presents a coherent, balanced plan to provide the levels of logistics support our forces will need to fight and prevail. Your active interest and continuing support of these efforts are essential to our success.

General **Marquez**. With me is Maj. Gen. Charles Hamm, Operations DCS, and he has a more extensive briefing and details on our readiness posture and how that relates to how each of our units is postured today.

Senator **Humphrey**. All right. General Hamm?

STATEMENT OF MAJ. GEN. CHARLES R. HAMM, DIRECTOR OF OPERATIONS, DEPUTY CHIEF OF STAFF, PLANS AND OPERATIONS, U.S. AIR FORCE

General **Hamm**. Mr. Chairman, I have a statement for the record, but I have a briefing on readiness I would like to present at this time.

Senator **Humphrey**. Fine.

General **Hamm**. Readiness has been a hot subject for the last year, as we all well know. I will pick up the trail. About this time last year the Secretary of Defense took credit for our substantially ready forces increasing by 39 percent, so members of the Congress and others jumped on him and said if you look at it carefully, you will find that the Army is down 25 percent and the Air Force is down 15 percent.

SECDEF annual report to the Congress: Between December 1980 and September 1983, the number of major active and reserve units that were at least substantially ready increased by 39 percent.

Fiscal year 1985 budget hearings: Congress challenges C-ratings; Army Down 25 percent; and Air Force down 15 percent.

Media finds an issue: Are we more ready than we were in 1980?

All this is technically accurate and I will explain it a little more later on. But at any rate, the media found an issue and they asked the question: Are we more ready now than we were in 1980? A good question, a lot better question than many of the answers that came out.

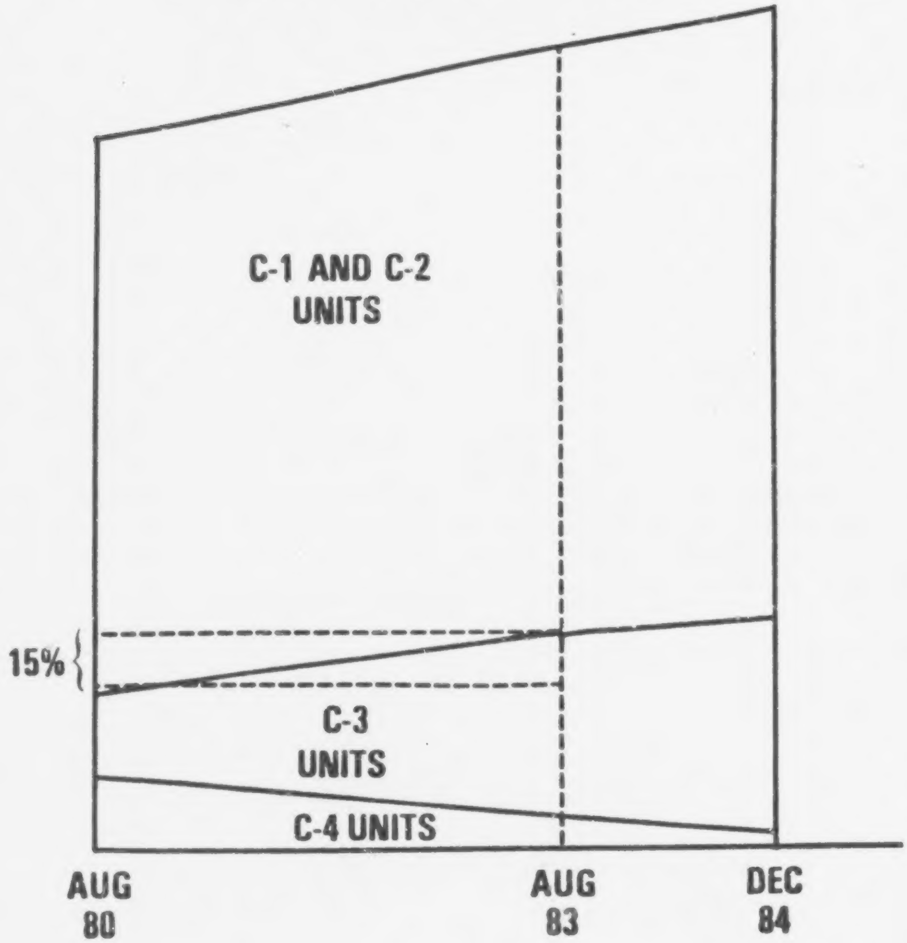
READINESS AND CAPABILITY

We have had a problem all along of semantics. Let's talk a little bit about readiness and capability. In 1981, Deputy Secretary of Defense, Frank Carlucci, agreed on a definition and talked about military capability. Here is the definition he gave us: "the ability to achieve a specific wartime objective, win a war or battle, destroy a target. And he said this capability, the combat capability is made up of the four pillars; force structure, modernization, readiness and sustainability.

Now, it is interesting to note here that in the C-ratings system in the UNIT REP reports, we basically measure this column. So we don't get a full picture of military capability. We measure in the Air Force some bit of this sustainability in the form of readiness spare kits, but by and large we are measuring this column in our C-ratings system.

C-RATINGS IN PERSPECTIVE

MAJOR COMBAT UNITS



Now, I said I was going to explain to you how they got the answer we are down 15 percent. Here is what happened. In comparison to August 1983 and 1984, you will find the C-3—that is marginally rated units—and C-4, not combat-ready units, was up 15 percent.

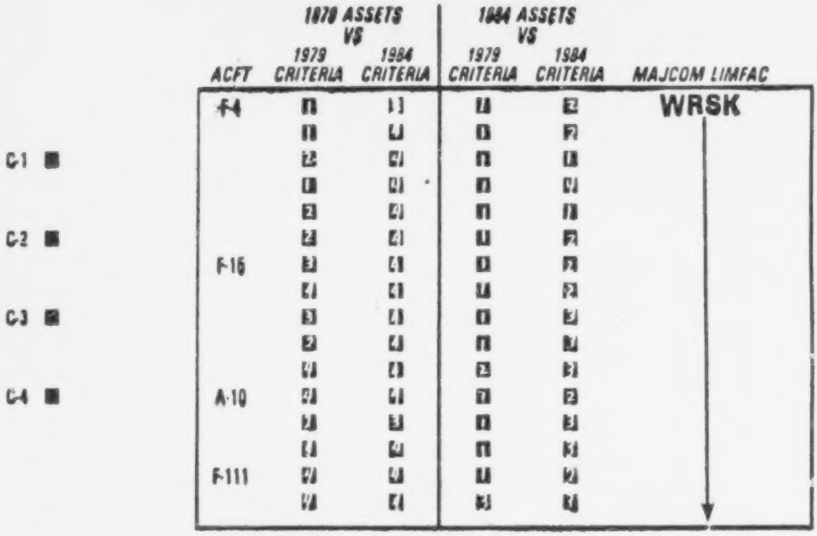
What was not said was that we had more units, and indeed we had more C-1 and C-2 units; that is, units that are ready and units that are substantially ready for combat.

And if you take that out to the end of last year and December of 1984, you will see that we had increased considerably in the number of units. That is a 41-unit increase. We have more C-1 and C-2 units. We have leveled off in C-3 units and our number of C-4 units has dropped down drastically.

Also, not apparent from this slide is that during that period we changed the criteria. We made it tougher to be C-1 and C-2. For example, there were a number of changes. One that is quite relevant is in the fighter forces. We had been measuring all of the spares required to sustain the force for, say, 30 days. We determined that you get a more accurate picture when you measured the critical spares, the ones that historically were giving you the trouble and kept the airplanes down.

When we did that, it became harder to get a higher C-rating. We were trying to put the focus of the managers on this particular problem. And, of course, when you do that sometimes you don't look as good.

C-STATUS COMPARISONS



NOTE: Sampling Of Typical TAC Units

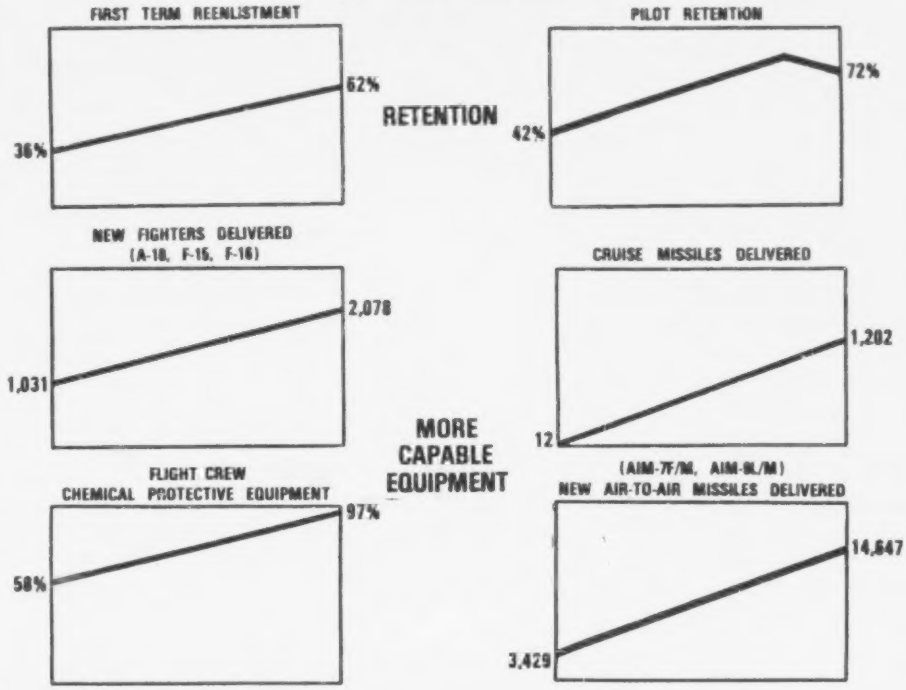
Let me show you what this means. This changed the criteria. As an example, some TAC units, F-4's, F-15's, A-10's, and F-111's. Let us focus your attention on the left side, 1979 assets measured against the 1979 criteria, and you will see that about half of the units were C-1 and C-2. If we had measured those by today's criteria, you see that almost all the units are C-4.

So the system was trying to put our attention, General Marquez's attention, everyone's focus on fixing those problems which were then largely WRSK problems, spare kits problems.

Now, when you look at 1984 assets and use the 1979 criteria, you will see that almost all the units by that more lenient criteria would be C-1. In fact, we have a considerable increase. You can see this. Even measuring by a tougher criteria, we have more C-1 and C-2 units.

SOME GOOD THINGS WE ARE DOING

FY 1980 to 1984



Now, there is a lot more to readiness than C-status, and I think we get into a lot of trouble by just talking about C-status. So I want to talk some other indicators. These are not all-inclusive, but to me I think they are an indication that in the last 4 years we have certainly made some improvements in our combat capability.

RETENTION

First, let us talk about the retention. That is important, that we retain the experienced guys who fix the airplanes and fly the airplanes. In 1980, about a third of our people, after their first tour, were reenlisted. In 1984, that is up to almost two-thirds of the people. Our pilot force in the 6 to 11-year group, these are the fighters, these are the nucleus of our combat force, the guys who have to go to war had a Cumulative Continuation Rate [CCR] of 42 percent. That was by the end of fiscal year 1984. CCR is the percentage of the force with us at 6 years that will be with us at the end of 11 years, given current retention rates.

It is interesting to note that it peaked out at 78 percent in 1983. We are worried about that drop, but we are still at a good retention rate of 72 percent at the end of fiscal year 1984.

We got the new equipment, more than 1,000 fighters in those 4 years, all new A-10's, F-15, F-16. Cruise missiles, we went from virtually no cruise missiles to over 1,200 air launched cruise missiles and ground launched cruise missiles.

CHEMICAL PROTECTIVE GEAR

Our chemical protective gear, the defensive equipment, this has been a long uphill struggle, and you will notice by the end of 1984 we were at 97 percent of our support crews and our flight crews that had defensive equipment. By the end of 1985, we will be at 100 percent.

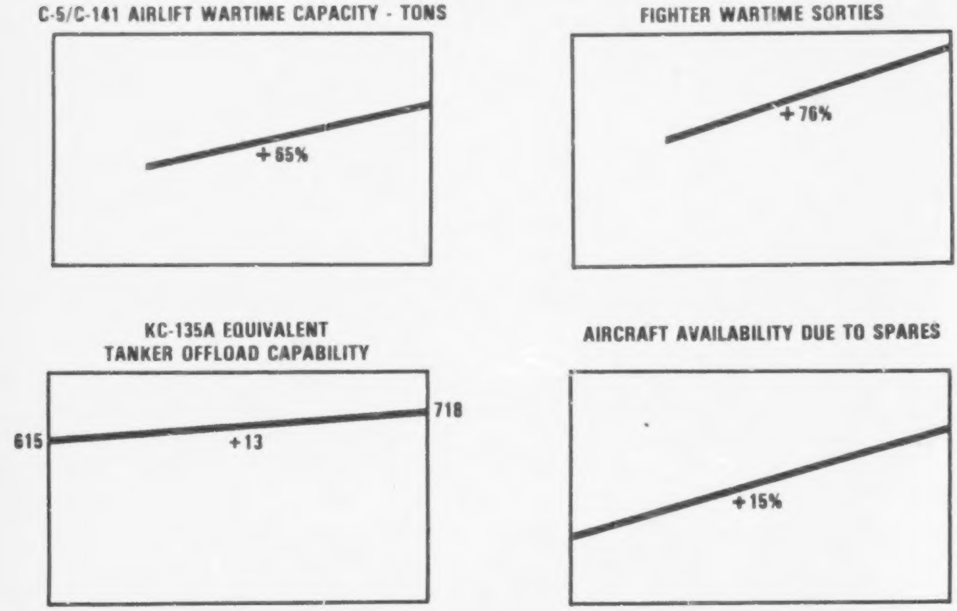
That is not all good news because our equipment is not as good as it should be. We cannot sustain our capability packed in those bad suits.

In the air-to-air missiles, we had a sizable increase in procurement with over 11,[illegible]0 new AIM-7 and AIM-9 missiles.

Some Good Things We Are Doing

Wartime Support Improvements

FY 1980 to 1984



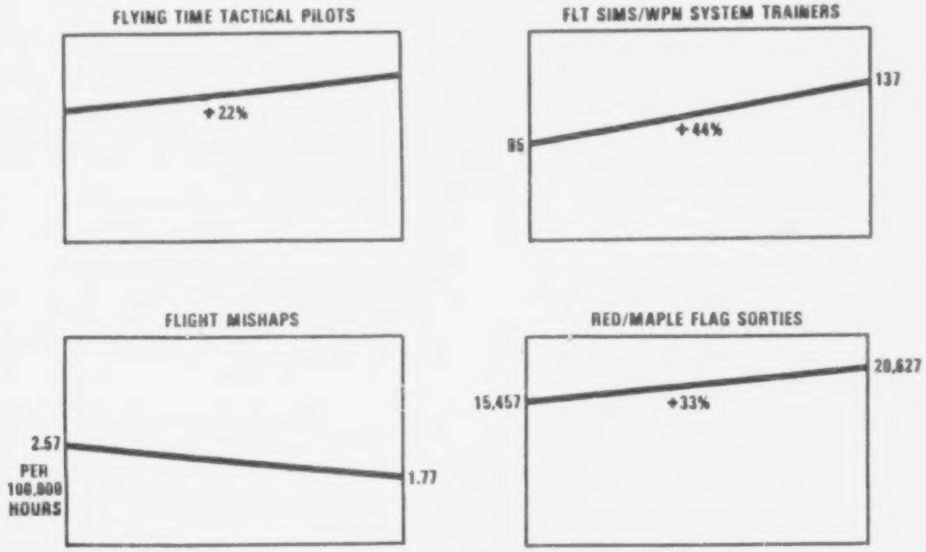
Our support increase; 65 percent more combat capability, lift capability because of our stretching the 141 and our increasing improvement in the spares posture with strategic airlift aircraft. Our fighter wartime sorties, because of efforts with spares and some increasing force structure, up 76 percent. We can fly 76 percent more combat sorties today than we could in 1980.

We can offload more fuel; 13 percent is the number that should be here; more fuel because of our new tankers, KC-10's, and our reengining of the old KC-135A's. By the end of 1985, it will be up to a 25-percent improvement.

Some Good Things We Are Doing

Readiness Training

FY 1980 to 1984



And our aircraft availability has gone up 15 percent because we continue to work the spares problems out as General Marquez has indicated. Flying time for pilots, something we are always concerned about during this period, went up 22 percent for tactical pilots, about 11 percent considering the total force, but for our tactical pilots up 22 percent. That is a healthy sign. We have got 44 percent more flight simulators, weapon system trainers. That means we can train smarter. We can do things on the ground to supplement our flying activity.

Our Red Flag, Maple Flag sorties, the most extensive realistic peacetime training we have ever come up with, has increased 33 percent in those 4 years. All the time that is happening, we decreased our flight mishaps. We are very proud of this. In the last 2 years, 1983 and 1984, we have been down to 1.7 accidents per 100,000 flying hours. That is unprecedented. And I think it speaks to the quality of the people we have and the quality of machinery that we have, good supervision. And the interesting thing is that we are doing all of that not because we are backing off in our training; we are training harder and they will be better able to fly.

Well, the critics are unrelenting. Here is an article, very comprehensive. Richard Halloran wrote it in May of 1984 in The New York Times. The headline was: "U.S. Forces May Lack Resources to Carry On a War."

[From the New York Times, May 14, 1984]

U.S. FORCES MAY LACK RESOURCES TO CARRY ON A WAR, OFFICERS SAY

(By Richard Halloran)

The 17th Tactical Fighter Squadron at Shaw Air Force Base in South Carolina is a hotshot outfit by almost every measure. But senior Air Force officers say it is officially rated not ready for sustained combat.

He used as a centerpiece the 17th TAC Fighter Squadron cut at Shaw Air Force Base in South Carolina, and he said it's a hot shot outfit by almost every measure, but even senior Air Force officers admit that it is not combat-ready, and indeed it was C-4.

The information he had was very accurate. He wrote about all the services. But the 17th Squadron seemed to be the centerpiece of the whole article. The information was accurate; the implication was wrong. The implication was that we had not made any improvements in the last 4 years.

Let me show you the other side of that story.

HOWEVER. . . .
17TH TFS

- **NEW SQUADRON IN THE FORCE**
- **EQUIPPED WITH F-16**
- **BETTER WEAPON SYSTEM**
  - **IMPROVED ACCURACY**
- **BETTER PEOPLE – MORE EXPERIENCE**
  - **AIRCREWS**
  - **MAINTENANCE**
- **BETTER TRAINING**
  - **MORE SORTIES/MO**
  - **MORE EXERCISES**
  - **MORE DEPLOYMENTS**
- **BETTER SUPPORTED**
  - **MORE WARTIME SORTIES AVAILABLE**
  - **MORE MUNITIONS IN THEATER**
  - **MORE CHEMICAL WARFARE DEFENSE**
  - **MORE AVAILABLE AIRLIFT**

= MORE AIR FORCE CAPABILTY

The 17th TAC Fighter Squadron was C-4 because it was new. We had not laid in the sustainability. It was one of 14 new squadrons. It was equipped with the F-16, the newest fighter we have got. It is a better weapons system, greatly improved accuracy.

If I may tell a personal story, I am an air-to-air pilot. I have been flying F-15's recently in my career, and I have not dropped a bomb off an airplane in about 8 years. I did last month go out and drop my first bomb off the F-16 and it was a bulls-eye. That is not a credit to my good hands and my aviation skill. It is a credit to the avionics system on the airplane. We have a dandy there.

We have better people. I talked about our retention. That keeps more experienced people there to fix the airplanes and fly the airplanes and support the whole operation.

I talked about better training, better support. All that adds up so that we have more Air Force capability. It is clear; we have built it in the last 4 years and are continuing.

So if the question is do we have everything we need to do the job, the answer is no. But if the question is are we better off now than we were in 1980, clearly our combat capability is better. It is improving. It is better because of your support, and we ask for your continued support.

Thank you very much.

Senator HUMPHREY. Thank you, General Hamm.

[The prepared statement of Major General Hamm follows:]

PREPARED STATEMENT OF MAJ. GEN. CHARLES R. HAMM, DIRECTOR OF OPERATIONS, DEPUTY CHIEF OF STAFF/PLANS AND OPERATIONS, HEADQUARTERS, U.S. AIR FORCE

Mr. Chairman, members of the subcommittee: I welcome the opportunity to appear before you today to discuss the readiness of the United States Air Force.

Over the past four years, the United States effort to improve the capability of a well-balanced total force has resulted in a much stronger and more ready Air Force. Our Air Force is more capable today of meeting the Soviet challenge, wherever needed, because of the support from this committee and the commitment of many who labor to insure that peace and security for ourselves and our allies continue as top national priorities. The programs that have been the basis for this significant strengthening of our Air Force cover the full range of resources from people to equipment and support.

The Soviet Union has been outspending and outproducing the United States in the area of new weapon systems for the past couple of decades. The growth in Soviet force structure and improved military capability is evidenced by continued adventurism which has, for the most part, remained unchecked.

MILITARY STRATEGY

The Administration's national security policy is the basis for the military strategy by which our national military objectives can be achieved across the spectrum of conflict. Our national military strategy is developed to counter a threat which spans this globe. From our assessment of the threat and the contributions of our allies, we establish requirements for the size, quality, and composition of our military forces. The objective of United States military forces is to deter war, both conventional and nuclear. To do this, our peacetime strategy is to maintain a balance of deployed forces and sufficient CONUS based forces to provide the flexibility to respond anywhere in the world where United States vital interests are placed at risk. Should deterrence fail, we must be capable of using the necessary force to deny an enemy military victory. Key to the use of force is to limit the scope of conflict, terminate it as quickly as possible on terms favorable to the US and its friends and allies, but be prepared to sustain in a prolonged conflict if required. To execute this strategy, we must size and train our forces for necessary effectiveness and provide the requisite support to accomplish our objectives.

MILITARY CAPABILITY

The readiness of our military forces has, over the past year, been the target of much discussion, debate, and question. Because of semantics, misused measurement systems, and innuendo, a pall of uncertainty has been cast over the real and significant improvements to military capability which have occurred over the past four years. To put military capability in proper perspective, we must consider the four components of military capability: force structure, modernization, readiness, and sustainability. To achieve deterrence or military victory on terms favorable to us, we must maintain an effective balance between the four components. The budget request that we send to you this year continues to support the necessary programs that will maintain this balance and achieve optimum military capability.

The fiscal year 1986 budget provides for growth in all areas of military capability. The benefits derived from your support of readiness over the past four years are now being manifested by improvements across the entire US Air Force. A decade of neglect is behind us and we have all learned a valuable lesson from the experience—no one component of military capability can prop up a force which is suffering from neglect in the other components.

The results of favorable and enlightened funding in the readiness accounts is achieving the desired effect. Our crews are flying more—training more effectively and safely—and our stocks of spare parts and munitions are increasing to meet the demands of peacetime training and requirements for wartime consumption.

As we now begin to realize the accrued benefits of past funding and support, we must continue to look forward and build toward a force that remains relevant to a growing threat. We must not be satisfied to have reached a plateau of parity with ourselves. We must maintain sufficient forces necessary to resolve any conflict at the lowest possible level—on our terms.

PRIORITIES

In establishing Air Force priorities, we must consider a series of external and closely related factors which, when aggregated at the national level form the basis for national security policy. These include the dynamic nature of the Soviet Bloc military expansion program—both in force structure and quality, the refinement of our fundamental roles and missions, and the changes in the defense guidance of our civilian leadership. Each of these factors directly affects our capability to deter war or, failing deterrence, deny an enemy their political and military objectives. In order to support the national military strategy as directed by our leaders and to correct deficiencies which we know exist, we have set the following priorities:

—Modernize the strategic nuclear forces;
—Improve the readiness and sustainability of the general purpose forces;
—Increase airlift capability;
—Modernize and expand the tactical forces.

The present and planned capabilities that are discussed in the remainder of this statement are built around these priorities and our stated goal to achieve an effective balance between the components of military capability.

FORCE STRUCTURE AND MODERNIZATION

Strategic forces

Our national Strategic Modernization Program is progressing well and much gain has been made to redress the strategic nuclear imbalance which had begun to tilt in favor of the Soviet Union. However, weapons development only translates into capability when new weapons are procured and supported. Uncertainties which have been voiced concerning the Peacekeeper missile system threaten to put at risk the gain which can be achieved in the near future to reestablish our strategic nuclear capabilities. In order to implement the comprehensive strategic nuclear modernization program, for which the Air Force is largely responsible, we must proceed with development and deployment of the Peacekeeper missile system. Continued Congressional support and forward movement on this program will send a strong signal to the USSR concerning our resolve and commitment toward establishing a nuclear force which puts teeth into deterrence. In addition to Peacekeeper, the following actions in support of strategic modernization are continued in the 1986 budget and represent an anticipated spending level of less than 15 percent of the annual defense budget over the next five years.

—Fielding the B-1B which is presently ahead of schedule and within budget.
—Procuring air launched cruise missiles (ALCMs).
—Continuing development of the advanced technology bomber.
—Modification of the B-52G/H for carriage of ALCM.
—Continuing research and development of the small ICBM as recommended by the Scowcroft Commission.
—Upgrading of command, control, and communications systems to ensure warning of enemy attack and reliable communication with our strategic forces.

—Upgrading our air defense capability by replacing F-106 interceptors with F-15's and F-16's and improving atmospheric warning, surveillance, and control systems.

Tactical forces

To improve and continue to maintain the most effective tactical air arm, the Air Force is committed to a realistic tactical modernization and expansion program. Our tactical forces must be able to move quickly to achieve air superiority and provide critical air support for our ground forces. The fiscal year 1986 budget supports a modernization program for tactical forces which will enhance our capability in these roles. This program emphasizes three key objectives:

—Building the capability to attack and destroy surface targets at night and in all weather conditions.

—Improving effectiveness and survivability through better sensors, avionics, and weapons.

—Developing tactical aircraft designed to meet the threat of the 1990's.

As we modernize our tactical forces, we also need to ensure an adequate force size and mix of aircraft. Our global requirements dictate an increase in the number of tactical fighter wings to an interim goal of 40 wings while concurrently maintaining the force at an acceptable aircraft age and technology level. This 40-wing force does not reach the full requirement, but represents an achievable force mix comprised of the following aircraft: F-15, A-10, F-16, F-4, F-111, EF-111, and F-4G.

Our tactical non-strategic nuclear forces are made up of dual capable fighters and the ground launched cruise missile (GLCM). Continued deployment of the GLCM will allow theater commanders the option to use dual capable fighters for a longer period in a conventional role.

FORCE PROJECTION

A fundamental element of U.S. military capability is the ability to rapidly project military forces worldwide. Force projection assets include both airlift and air refueling aircraft.

Airlift

Airlift provides the response and flexibility required for immediate contingencies and the ability to sustain over the long haul. Since we do not control the time and place of combat, we have to be able to move quickly to defend our interests anywhere in the world. While significant improvements have been made in our intertheater airlift capability, it is still significantly less than what we need. The fiscal year 1986 budget includes programs which will continue to strengthen our force projection capability and reaffirms our commitment to achieving the long-term airlift goals mandated by Congress and adopted by DOD. Programs which support this effort include:

—Modification of the C-5A wing which increases capacity by 18 tons per aircraft.

—Acquisition of 50 C-5B's.

—Continued development and procurement of the C-17.

—Enhancements/inducements to improve Civil Reserve Air Fleet (CRAF) capability.

—Procurement of additional KC-10's.

Aerial refueling

Because of our global force projection requirement, we have experienced a substantially increased need for aerial refueling. Our tanker modernization program is designed to alleviate existing shortfalls in refueling capability. The reengining of the KC-135 and addition of the KC-10 combine to increase our offload capability by the end of this year by 25 percent over 1980. These programs are continued within the 1986 budget.

READINESS AND SUSTAINABILITY

While force structure and modernization provide us with the size and technical sophistication to better combat a more capable adversary, readiness and sustainability provide the essential ability to deploy, employ, and stay for the successful conclusion of combat. Readiness and sustainability are intrinsically linked. Readiness is essentially the pre-D-Day preparation to go to war, carrying into the initial stages of combat; and sustainability is the Post-D-Day support of our forces to stay in combat and win. These two components of military capability quite often overlap out of necessity. Spare parts, for example, are both readiness and sustainability items. Spares must be available for the force to be able to train prior to engaging in combat.

Spares also must be available for the force as it engages in combat. The major elements contributing to readiness are people, training, and equipment. The major elements contributing to sustainability are people and supplies (including munitions).

People

The fiscal year 1986 end strength request reflects a growth of 1.6 percent (9,400) increase in active military manpower and a 4.0 percent (10,300) civilian increase. The purpose of this increase is to support numerous readiness initiatives and accommodate force structure expansion. Manpower increases in the following areas add significantly to our readiness.

—Logistics Readiness and Inventory Management
—Medical War Readiness
—Chem-Bio Defense Expansion
—Command, Control, and Communications
—Aerial Ports
—Air Reserve Forces
—Tactical Force Structure
—Training and Research and Development

We must have adequate manpower, military and civilian, if we are to maintain the quality and capability of our expanding force structure at the highest possible level of readiness. Lack of support for the required manpower resources will result in operating at marginally acceptable levels of performance. Additional reductions will further stress a fully committed workforce which is already on an overtime footing. Underfunding manpower requirements will ultimately affect morale, performance, and retention of our most valuable resource.

The European troop strength ceiling continues to complicate the task of force planners and theater mission commanders in executing overall national military strategy. We solicit your support in eliminating this ceiling. In order to comply with the fiscal year 1984 ceiling, the Air Force removed two OV–10 squadrons, reduced manpower in a number of support areas, and resorted to unit undermanning. Extension of the ceiling into the outyears will require similar force reductions which will not only affect near-term readiness but will also degrade major force programs planned and required for the European theater.

The Air Force also supports elimination of civilian end strength ceilings as a necessary improvement for force management. Air Force civilians comprise approximately 20 percent of our total work force. Civilian manpower ceilings constrain us from obtaining the appropriate mix of people to perform our missions; prohibit the most efficient use of our depot facilities; and add to overall personnel processing costs.

Once our manpower requirements have been defined and authorized, the task becomes one of recruiting and retention. The best equipment that money can buy will not provide us security without quality people on board. When a highly trained pilot resigns (and we are seeing this happen as the airlines are once again hiring) and when a seasoned crew chief hangs up his or her uniform, years of irreplaceable experience are lost. In contrast to the 1970's when many of our experienced people walked out the door, we are now retaining experience and attracting high quality recruits as well. As a result, our combat capability is improving. However, in spite of these successes, the recruiting and retention environment is fragile and we are now beginning to see a slight downward trend in this area due to the impact of a stronger economy, falling unemployment rates, a declining youth population, and anticipated private sector competition for skilled people. Persistent shortages and low experience levels in certain critical skills have improved over the last four years. To continue the momentum, we must take care of our people by providing the entitlements they have earned and deserve. We must also guard against the perception that their benefits can be turned on and off with regularity. If we cannot allay this atmosphere of uncertainty, we will face serious problems in the future.

Training the force

Without question, training is our most important readiness activity. Properly trained people, along with the right mix of equipment and proper support, produce our immediate deterrent posture and our ability to fight and win in combat. Our goal is to provide the United States with the best trained Air Force in the world. To achieve this goal, we must train as we intend to fight. We plan to continue with the most aggressive and realistic training possible.

Our commitment to realistic training is best illustrated by our extensive exercise and deployment programs. In large scale exercises, such as Red Flag, Maple Flag, and Cope Thunder, our aircrews routinely experience the most demanding combat environment available in peacetime. During these exercises, our crews fly against simulated enemy aircraft and ground defenses. They have the opportunity to deliver live weapons on realistic simulated enemy targets. We increased the number of sorties flown in Red/Maple Flags by over 5,000 since 1980.

Our joint exercise program is another important element of operational training. Our units participate in exercises with the other Services and the forces of our allies. As a major part of the JCS exercise program, we deploy and employ forces under the joint command arrangements we would experience in wartime.

Another successful training program is total force oriented and involves deploying active duty, National Guard, and Reserve units overseas to their intended wartime operating locations. Once in place, they become familiar with their operating base as well as local weather and terrain. They gain valuable experience by working side-by-side with allied forces and participate in multi-national exercises.

Achievement of the quality training described above is contingent upon our flying hour program receiving the fullest support. This is the largest of all Air Force training programs and equates to 30 percent of the Air Force O&M budget. The fiscal year 1986 flying hour program reflects an increase of two and one-half percent above the fiscal year 1985 level. This increase supports an expanding aircraft inventory, trains replacement aircrews, and increases the readiness levels of our operational aircrews. Tactical aircrews, for example, are programmed to fly over 19 hours per month this fiscal year. This compares to an average of 17 hours in fiscal year 1983 and 13 hours in fiscal year 1978. Also addressed in the fiscal year 1986 budget are improved flight simulators and training range improvements.

The improvement of non-flying support training is also of major importance. The quality of training for our enlisted personnel increased as we stressed training in technical and critical Air Force specialties. Fiscal year 1986 initiatives in this area continue to emphasize training and support programs designed to improve returns in high pay-off areas such as aircraft maintenance and other specialized skills. The result of these efforts will be enhanced readiness and increased peacetime productivity of combat support and combat service support units.

CONCLUSION

In the course of this brief review, I have focused on both our current and programmed capability. This year has seen us "turn the corner" on many of the deficiencies that have been prevalent in the Air Force over the past decade. The Air Force is an eminently stronger and more capable force than it was just 4 years ago.

We are training our crews in more realistic and demanding scenarios, steadily increasing the flying hour program, and retaining and recruiting a highly skilled and experienced force. The current state of simulator technology allows us to maximize our aircrew training efforts. In addition, our aircraft mishap rate is significantly lower than it was in 1980. The net effect of more flying hours and more effective and demanding training is a quantitative and qualitative force improvement which more than offsets the cost.

The improved combat capability of the Air Force is directly attributed to a conscious pursuit of balanced growth among the four components of combat capability, and to the dedicated support and awareness of this subcommittee and others in the House and Senate.

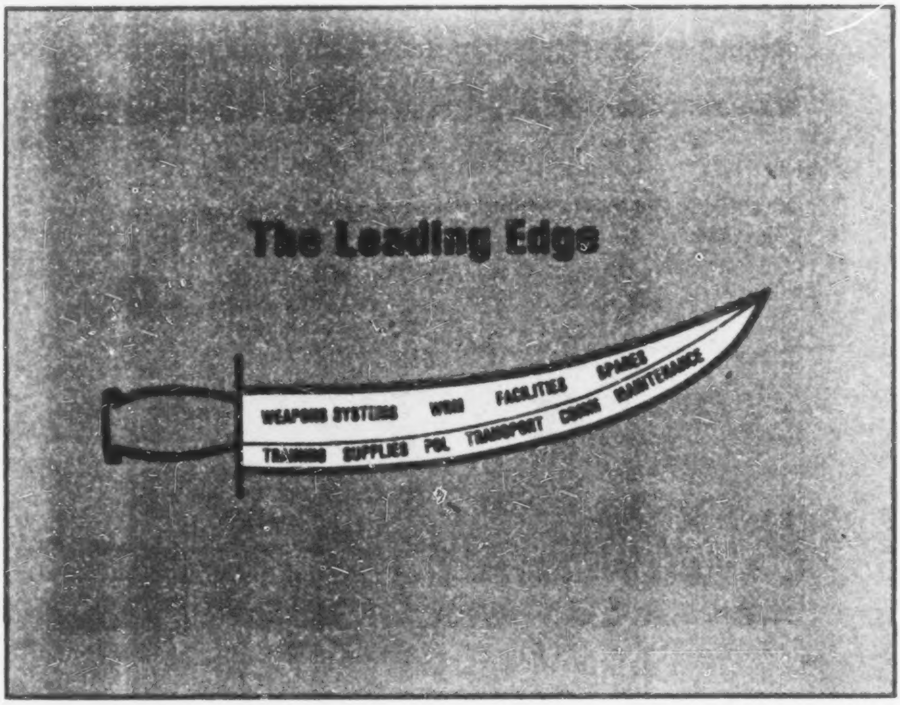
Balanced defense programs provide the country with the greatest dollar leverage possible for maximizing combat capability. Significant changes or diminished resolve will skew this necessary balance and compound the problems we are striving to overcome. Your continued support is imperative.

Senator **Humphrey**. General Worrick?

STATEMENT OF BRIG. GEN. MARK J. WORRICK, DEPUTY DIRECTOR OF BUDGET (OPERATIONS), COMPTROLLER OF THE AIR FORCE

General **Worrick**. Thank you, Mr. Chairman.

Everything you have heard this morning so far is only possible if you have the O&M dollars to go with it. And that is what my talk is going to be about today.

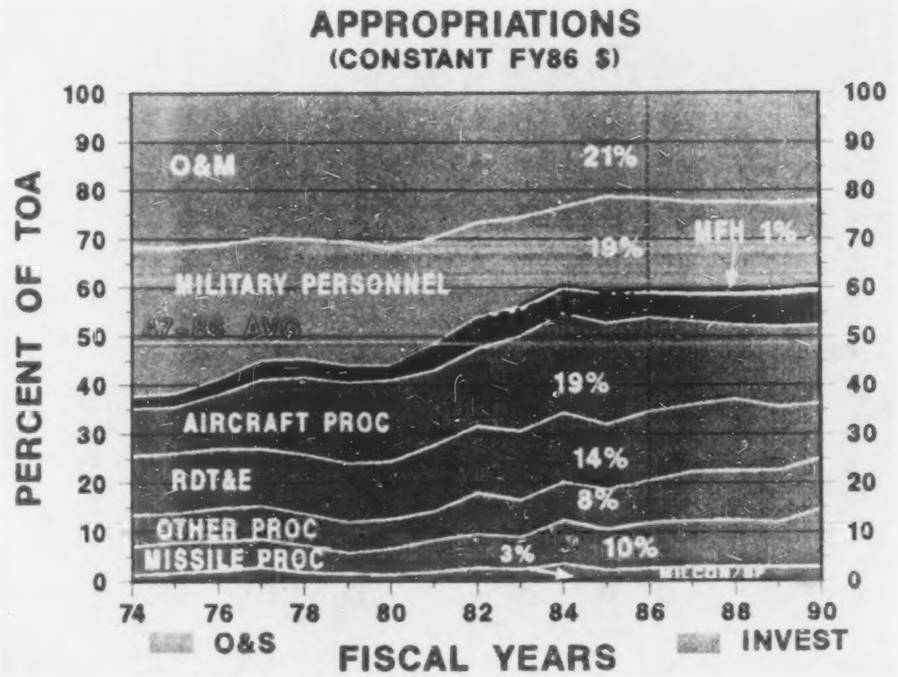


The Leading Edge

WEAPONS SYSTEMS
WRM
FACILITIES
SPARES
TRAINING
SUPPLIES
POL
TRANSPORT
COMM
MAINTENANCE

I would like to start out with a little pictorial here in the way of a blade. You can have all the weapons systems, WRM, and the facilities and spares in the world, everything you need to keep the combat capability rates up. But in order to make them work, you have got to have trained people, you have got to have supplies and fuel to get the systems to operate, you have got to have transportation to get them there, a way to communicate, and you have to maintain equipment.

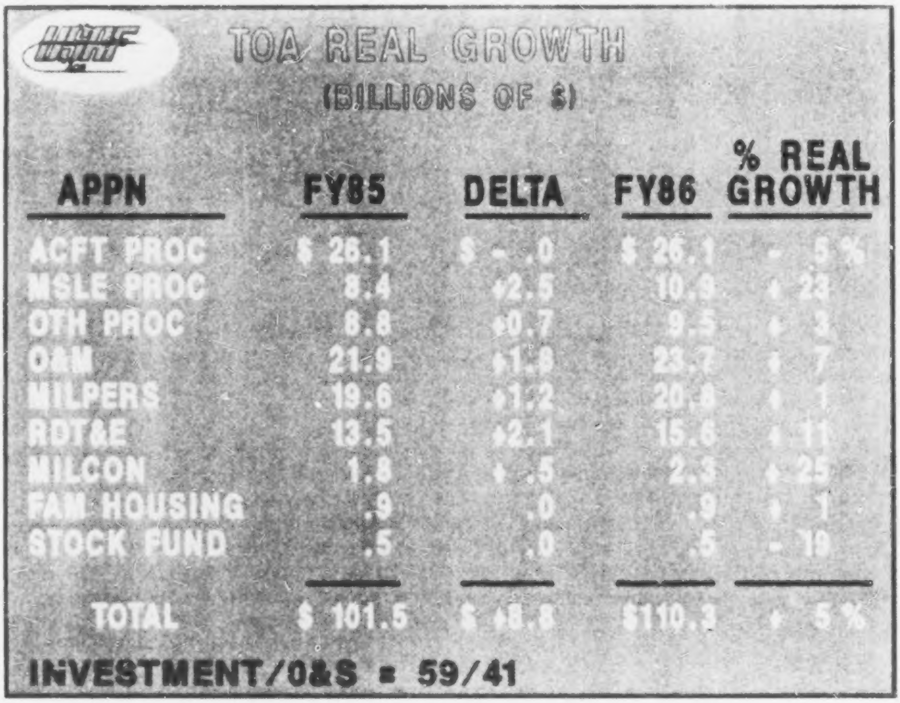
And it is the O&M that hones this edge. And I am going to talk a bit more about the relationships between O&M and investment as we go on.



The question is often asked, What percent of the budget is going to O&M? In 1986, we happen to have 21 percent going to O&M. Now, that chart shows that less has been going into O&M over the past several years, but that does not mean that sufficient dollars are not going to O&M.

The reason that percentage is lower is because we have much more going into the acquisition phases, but the procurements that were made earlier, aircraft and missile procurements that have been delivered and those that are on board today are being properly funded in the 1986 budget you see today.

As General Marquez has indicated, we do have a balanced program to support today's forces.

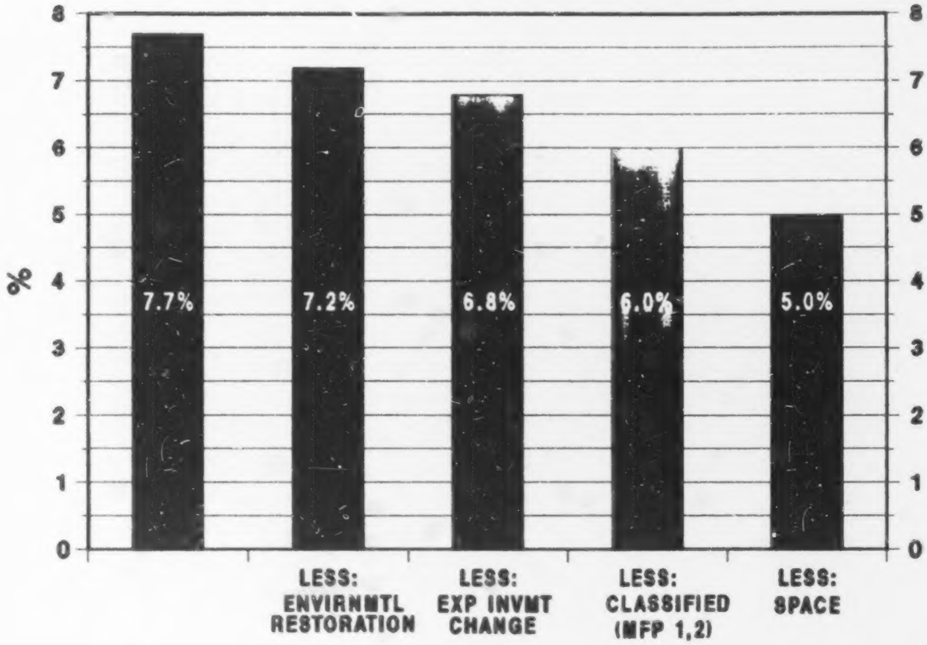


TOA REAL GROWTH
(BILLIONS OF $)

APPN	FY85	DELTA	FY86	% REAL GROWTH
ACFT PROC	$ 26.1	$ - .0	$ 26.1	- 5 %
MSLE PROC	8.4	+2.5	10.9	+ 23
OTH PROC	8.8	+0.7	9.5	+ 3
O&M	21.9	+1.8	23.7	+ 7
MILPERS	19.6	+1.2	20.8	+ 1
RDT&E	13.5	+2.1	15.6	+ 11
MILCON	1.8	+ .5	2.3	+ 25
FAM HOUSING	.9	.0	.9	+ 1
STOCK FUND	.5	.0	.5	- 19
TOTAL	$ 101.5	$ +8.8	$110.3	+ 5 %

INVESTMENT/O&S = 59/41

What I would like to do on the real growth, if you look at the J books, it will show that the overall Air Force real growth is 5 percent. If you look at O&M Air Force, you will see that it is 7.7 percent which is considerably higher than the 5 percent overall and considerably higher than the overall DOD budget.



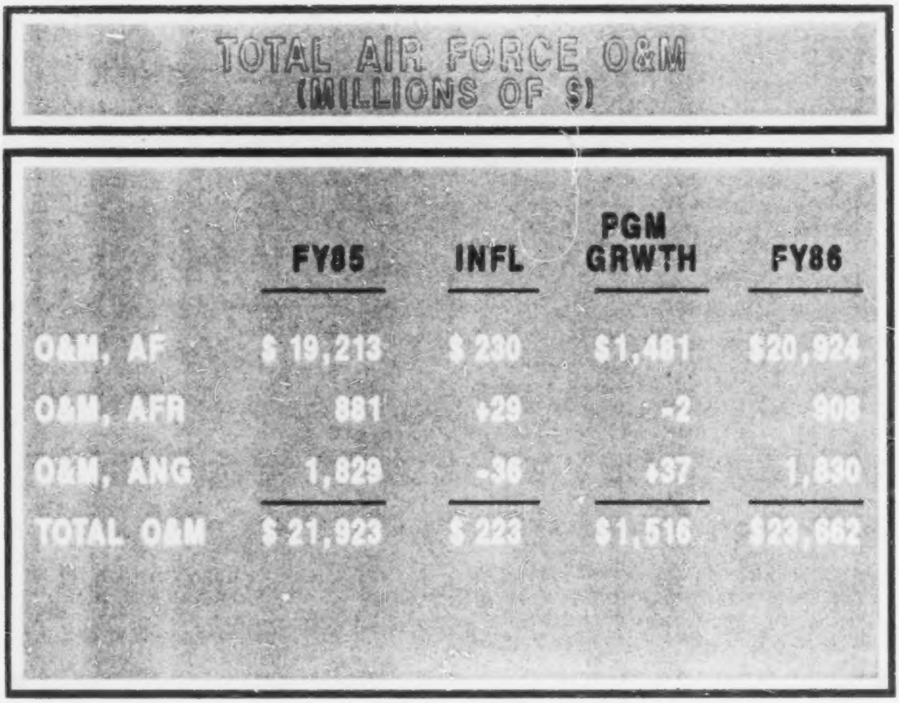
FY86 O&M, AF REAL GROWTH

However, if we take some of the less traditional items out of O&M, like environmental restoration, which as you recall last year was put in the DOD account, and you take out the expense/investment criteria change which is a new change this year where items costing more than $3,000 that used to be out of the procurement account are now going to be—at least it is proposed that way, that they will be procured out of the O&M account.

If you take that out and you take out the classified programs over which we have no control, at least within the O&M account, it is not the traditional program. And then this big one, space, represents about $193 million increase this year over last year.

If you take these nontraditional items out, O&M does get back to about 5 percent growth. So, that is why when you look at—and I know that the Army shows that they only have about a 4-percent growth and the Navy has about less than 1 percent growth, and it looks like the Air Force is sitting there fat and dumb and happy.

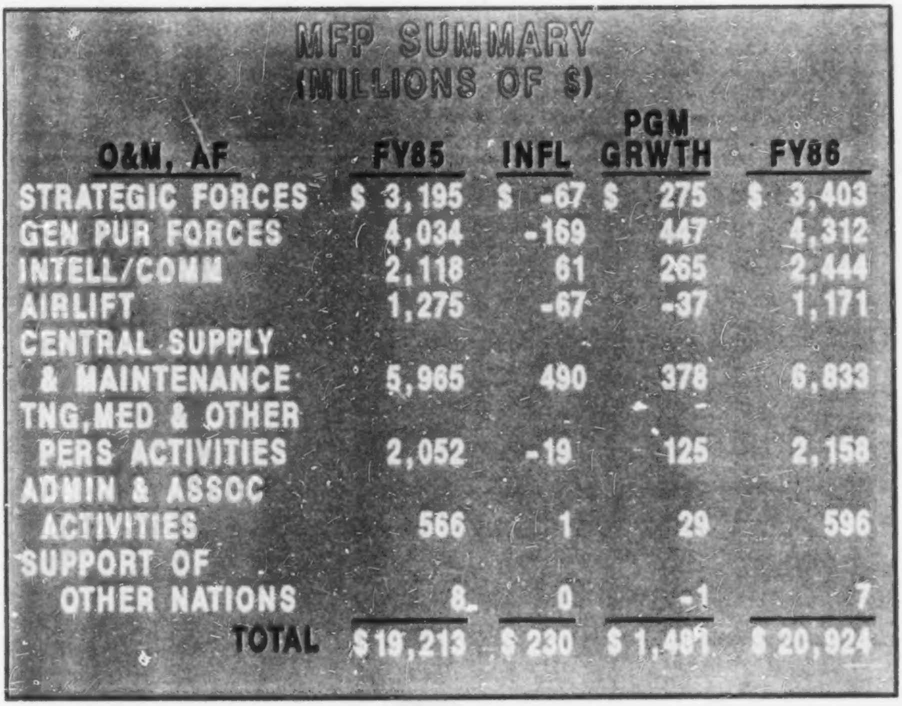
But the point I want to make is that we have the new systems coming on board and the new programs coming in, and that is one of the main reasons for the increase.



TOTAL AIR FORCE O&M
(MILLIONS OF $)

	FY85	INFL	PGM GRWTH	FY86
O&M, AF	$ 19,213	$ 230	$1,481	$20,924
O&M, AFR	881	+29	-2	908
O&M, ANG	1,829	-36	+37	1,830
TOTAL O&M	$ 21,923	$ 223	$1,516	$23,662

This shows the Guard, Reserve and active Air Force; this is the total O&M account, a $1.5 billion increase from subsequent slides. As far as the Reserve, the big reduction here is, as General Gill will mention later, due to the one-time fiscal year 1985 congressional add for JT3D which is not reflected this year. The major increases in the Air National Guard O&M account are for new systems such as the C-5.



MFP SUMMARY
(MILLIONS OF $)

O&M, AF	FY85	INFL	PGM GRWTH	FY86
STRATEGIC FORCES	$ 3,195	$ -67	$ 275	$ 3,403
GEN PUR FORCES	4,034	-169	447	4,312
INTELL/COMM	2,118	61	265	2,444
AIRLIFT	1,275	-67	-37	1,171
CENTRAL SUPPLY & MAINTENANCE	5,965	490	378	6,833
TNG,MED & OTHER PERS ACTIVITIES	2,052	-19	125	2,158
ADMIN & ASSOC ACTIVITIES	566	1	29	596
SUPPORT OF OTHER NATIONS	8	0	-1	7
TOTAL	$19,213	$ 230	$ 1,481	$ 20,924

Here are the major categories that as you know are authorized by your committee. We get a funding limitation in those particular force programs. This is where the increases are going. The increases in strategic forces are primarily in the dewline upgrade, supplies, the B-1 coming in. We are getting 16 in 1986.

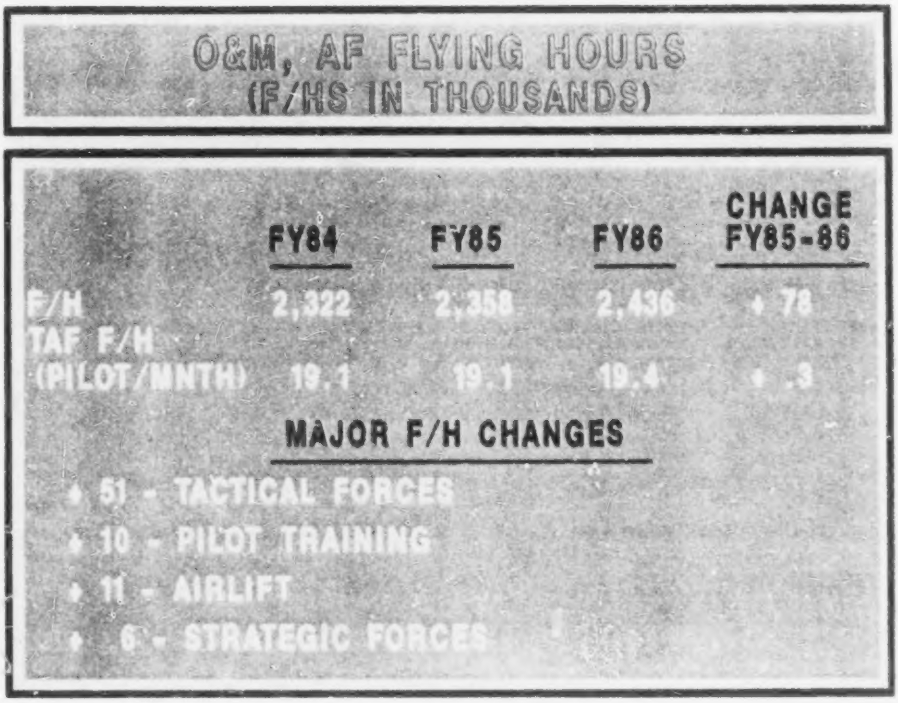
In general purpose forces, the big increase there is about $140 million in classified alone. The others are to support the new systems coming onboard. Intell/Comm, that is primarily space. As indicated earlier, $200 million for space programs.

CSDC—and I will talk about that a little later. The reduction in the airlift is primarily for the C-5 cabin load restriction which we no longer need to subsidize because the wing mod has been completed on many of the C-5s.

Central supply and maintenance, the major increase there is for continued emphasis on depot maintenance and the ranges. In training, we have increased flying hours somewhat, as I will talk about in just a few minutes.

There is an increase in the medical program. Medical costs keep rising.

The others are kind of small and minor. There is a postal rate increase shown in the administrative and associated activities.



O&M, AF FLYING HOURS
(F/HS IN THOUSANDS)

	FY84	FY85	FY86	CHANGE FY85-86
F/H	2,322	2,358	2,436	+ 78
TAF F/H (PILOT/MNTH)	19.1	19.1	19.4	+ .3

MAJOR F/H CHANGES

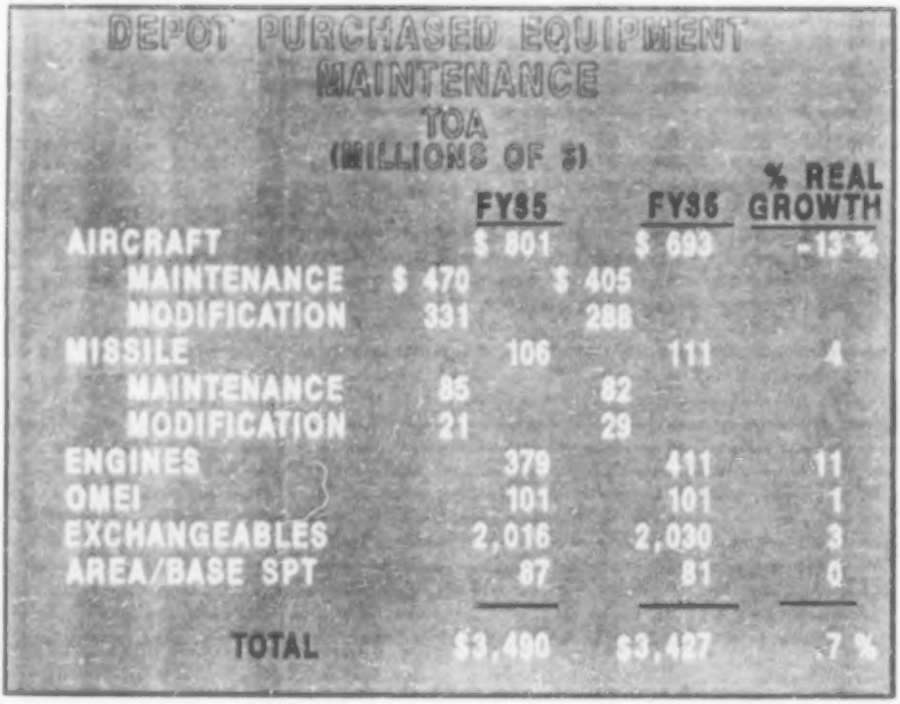
+ 51 - TACTICAL FORCES
+ 10 - PILOT TRAINING
+ 11 - AIRLIFT
+ 6 - STRATEGIC FORCES

In the flying hours it is a success story, as General Hamm has pointed out to you. Of the 78,000 increase in flying hours, 51,000 of it is for tactical forces. And what that does, that increases the average hours per TAC crew per month from 19.1 to 19.4 hours per month. It also permits an increase in the sorties from 13.3 to 13.5 sorties per month. And it is the sorties more than the number of hours that determine the types of training the pilots get.

In program 3, the pilots' training, we are adding three more sorties to the T-37 and T-38 and this adds about 3.9 hours for undergraduate pilot training. Most of that is in the instrumentation area.

Airlift is the 11,000 hour increase for the European Distribution System which is fully operational this year; 16 aircraft delivered.

Strategic forces is the KC-135 to support user requirements.

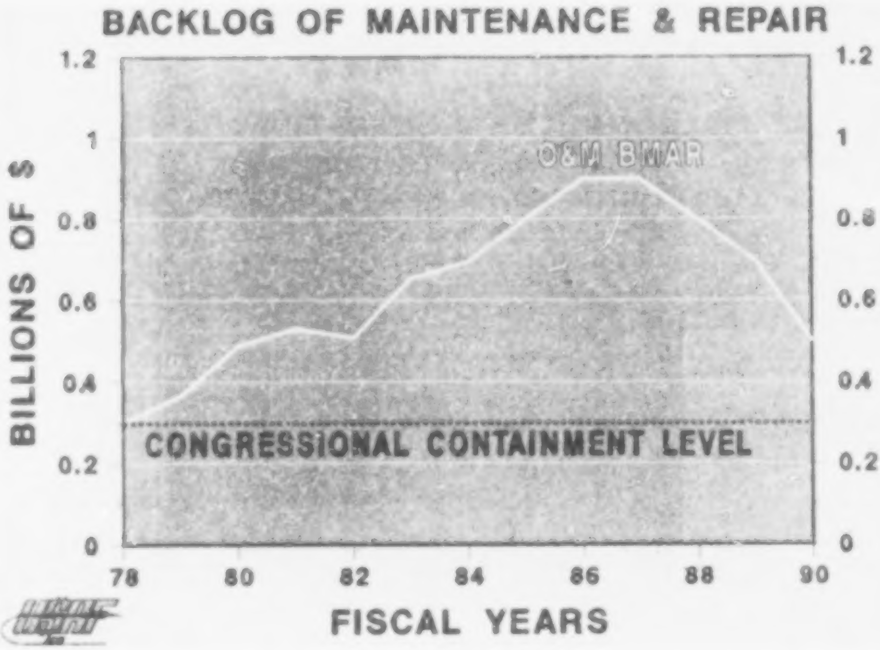


DEPOT PURCHASED EQUIPMENT MAINTENANCE
TOA
(MILLIONS OF $)

		FY85		FY86	% REAL GROWTH
AIRCRAFT		$ 801		$ 693	-13 %
MAINTENANCE	$ 470		$ 405		
MODIFICATION	331		288		
MISSILE		106		111	4
MAINTENANCE	85		82		
MODIFICATION	21		29		
ENGINES		379		411	11
OMEI		101		101	1
EXCHANGEABLES		2,016		2,030	3
AREA/BASE SPT		87		81	0
TOTAL		$3,490		$3,427	.7 %

Here is another success story. I know people like to go to the bottom line. They look at the .7 percent growth and they say my gosh, it does not look like we are putting enough money in there. Well, I don't want to get the committee alarmed, because this really does fairly adequately fund depot maintenance. We have got the backlog down to $60 million this year, and the Air Force feels pretty good that we were able to put enough money into the depot maintenance account.

The big reason for the change here has been that there is less crash damage repair. We had several C-5's that were damaged in 1983 and 1984, and they will begin repair in 1985.

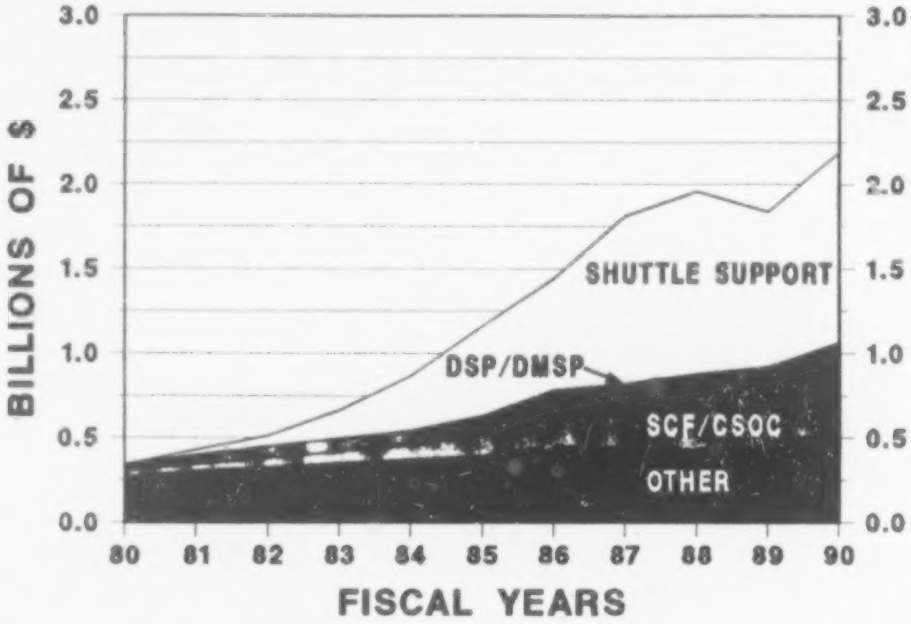


In the engines and exchangeables area, the increases here are principally related to the F100 engine. Here is another area that your committee has always expressed an interest in. That is the backlog in maintenance and repair to keep our facilities up to par so that we can not only support the aircraft that are out there, but have the quality of life we expect for our people.

We are unhappy to report, really, that the backlog is not really coming down. It is going up to $891 million. But the good news is, we are putting 10 percent more into the program than we did in 1985.

We still project that the backlog will come down to reach a $300 million containment level in 1990.

SPACE O&M

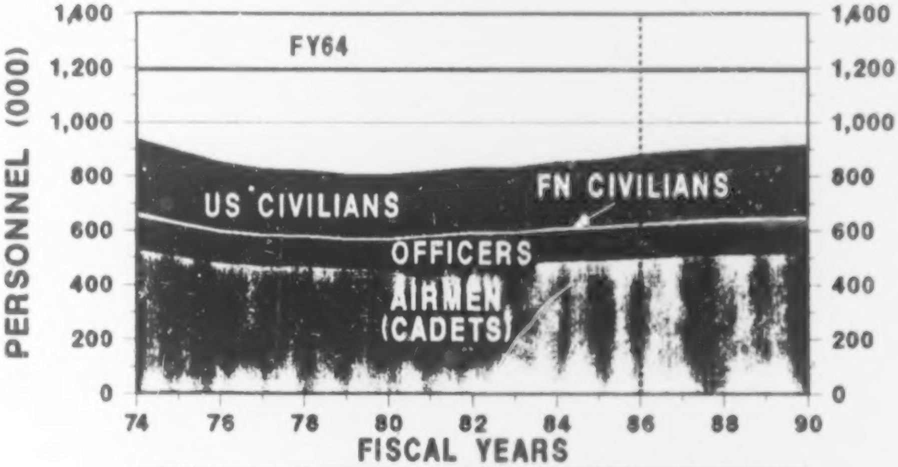


As I indicated before, the O&M account in recent years has really been ballooning up with requirements that are not traditional O&M type requirements. One of the big ones is the space program. As the launch facilities and the control facilities, (consolidated central space operations control facilities) are being completed, as the Vandenberg operations are going out of the R&D phase and into the O&M phase, that money gets transferred in. And this chart shows where we are headed.

We have already put hundreds of millions into O&M up through 1986. But the shuttle support alone in 1990 is going to drive us almost to the $2.2 billion level. That is not just for shuttle, but for shuttle and satellite control facility and consolidated space operations center, and radar, and other satellites we have in the sky.

The point is, O&M is no longer just to support flying airplanes and maintaining missiles.

PERSONNEL

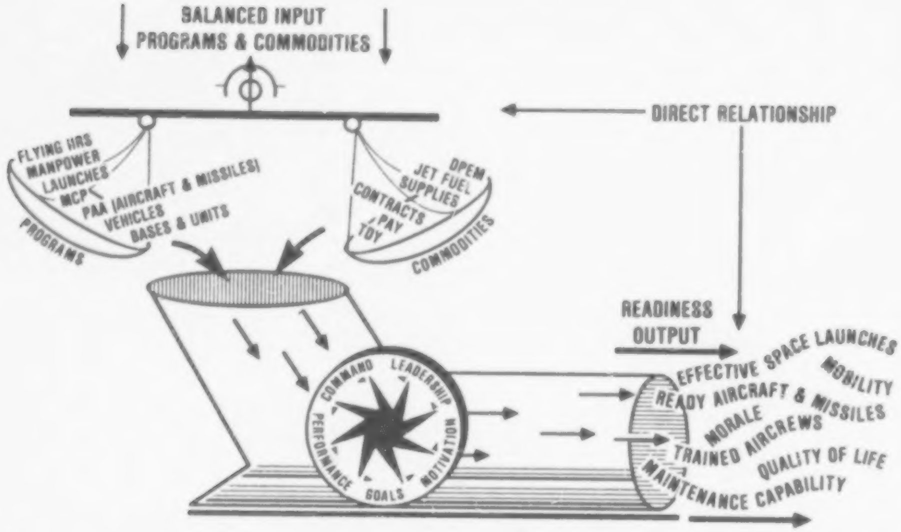


	FY86	FY85-86 CHG
US CIVILIANS	246 K	+10 K
FN CIVILIANS	21 K	+ 6 C
OFFICERS	110 K	+ 2 K
AIRMAN (CADETS)	502 K (4417)	+ 8 K

Personnel. Again, we have a major increase. Every one of these increases is related to modernization and sustainability and readiness except for some conversions. We have detail on that which we provided your staff. We would be happy to answer any more questions you might have about that.

What I would like to close with, sir, is a kind of a busy slide but one that I think everyone has to keep in mind when we talk about balancing resources. This confirms kind of what I started off to say. We started off with a balanced program and commodities. If you don't have enough money here in O&M to buy these commodities, the fuel, the supplies, the contracts, the pay, the TDY, and the maintenance, you cannot operate the flying hours or pay the people or have the people onboard for the aircraft that you have.

O&M - THE READINESS MIXER


BALANCED INPUT
PROGRAMS & COMMODITIES
DIRECT RELATIONSHIP
FLYING HRS
MANPOWER
LAUNCHES
MCP
PAA (AIRCRAFT & MISSILES)
VEHICLES
BASES & UNITS
PROGRAMS
OPEM
JET FUEL
SUPPLIES
CONTRACTS
PAY
TDY
COMMODITIES
COMMAND
LEADERSHIP
MOTIVATION
GOALS
PERFORMANCE
READINESS OUTPUT
EFFECTIVE SPACE LAUNCHES
MOBILITY
READY AIRCRAFT & MISSILES
MORALE
TRAINED AIRCREWS
QUALITY OF LIFE
MAINTENANCE CAPABILITY

So you start off with a balanced program that goes into the hopper. In that hopper, then, you add command leadership, performance, goals and motivation, day-to-day operations, the way to get the job done, and what you end up with is readiness. You end up with effective space launches, ready aircraft and missiles. You are mobile, you can get people and material where they are supposed to be to do the job. You have got trained air crews, quality of life, and maintenance capability. And there is a direct relationship to what goes in and what comes out.

Senator HUMPHREY. So that is the way the Air Force works. What is that scrambled stuff? Hamburger?

General WORRICK. That is readiness, sir. Thank you very much.

[The prepared statement of Brig. Gen. Mark J. Worrick follows:]

PREPARED STATEMENT OF BRIG. GEN. MARK J. WORRICK, DEPUTY DIRECTOR OF BUDGET (OPERATIONS), COMPTROLLER OF THE AIR FORCE

Mr. Chairman and Members of the Committee: I am pleased to appear before this Committee to present and discuss the Air Force Operation and Maintenance [O&M] budget requests for fiscal year 1986. My statement will compare the fiscal year 1986 budgets with fiscal year 1984 and fiscal year 1985 funding levels (actual and budgeted) for the Active and Reserve Forces, and will highlight the forces, manpower, programs, and resources supported by O&M funds.

The following is a summary of the fiscal year 1984-86 O&M budgets:

[In millions of dollars]

	Fiscal year—		
	1984	1985	1986
O&M, Air Force	$17,773	$19,213	$20,924
O&M, Air Force Reserve	783	881	908

	Fiscal year—		
	1984	1985	1986
O&M, Air National Guard	1,801	1,829	1,830
Total, Air Force	20,357	21,923	23,662

I will first discuss the O&M, Air Force budget, and then those of the Air Force Reserve and Air National Guard.

OPERATION AND MAINTENANCE, AIR FORCE

The O&M appropriations, along with the Military Personnel appropriations, finance the day-to-day business of the Air Force. O&M funds buy the resources to operate and maintain weapon systems and facilities, purchase supplies, equipment, fuel and contract services, and pay civilian employees. These funds impact directly on the operational readiness of our forces.

The following table shows the O&M funding, actual and proposed, for the active Air Force, fiscal years 1984-86:

O&M, AIR FORCE BY MAJOR FORCE PROGRAM

[In millions of dollars]

	Fiscal year—		
	1984	1985	1986
Strategic forces	$3,053	$3,196	$3,403
General purpose forces	3,829	4,034	4,312
Intelligence and communications	1,713	2,118	2,445
Airlift forces	1,238	1,275	1,171
Central supply and maintenance	5,399	5,965	6,833
Training, medical, and other general personnel activities	2,006	2,052	2,158
Administration and associated activities	529	566	596
Support of other nations	7	8	7
Total [1]	17,773	19,213	20,9241

[1] May not add due to rounding

The fiscal year 1986 O&M, AF, budget contains approximately $1.5 billion or 7.7 percent real growth over fiscal year 1985. Of the $1.5 billion, $178.1 million or 12 percent is associated with transfers of funding between appropriations and is not real growth. This includes $96.0 million for Environmental Restoration which is being transferred to the Air Force from DoD and a change in the expense/investment criteria which results in $82.1 million being transferred into the O&M, Air Force appropriation. In fiscal year 1986, the Environmental Restoration funds will be used to identify, characterize, and accomplish remedial actions at hazardous waste sites which, due to past disposal practices, present a threat to health or the environment. The revision to the expense/investment criteria established the concept of centralized item management and accountability as the key criterion for determining whether an item should be funded by Procurement or O&M Appropriations.

Of the remaining $1.3 billion in real growth for fiscal year 1986, approximately 42 percent is attributable to four areas: Space, Classified Programs, Real Property Maintenance Activities, and Depot Maintenance. The Space increase reflects additional efforts for the Space Transportation System (Space Shuttle), Satellite Control Facility, and the Consolidated Space Operations Center. Real Property Maintenance Activity [RPMA] increases are necessary for the upkeep and maintenance of our facilities and runways. The RPM by contract program still remains well below fiscal year 1982 through fiscal year 1984 levels. Depot Maintenance, a key readiness program, increases in fiscal year 1986 mostly for exchangeable component repair, interim contractor support, and the Big Safari program.

Other program growth for fiscal year 1986 includes increases for new weapon system support requirements for Ground Launched Cruise Missile [GLCM] and the B-1B. Flying hour increases are primarily due to Tactical Program force growth and modernization, European Distribution System [C-23A], and B-1B force growth. Increased funding is requested to support required upgrades to essential communications capabilities throughout the Air Force. The budget also contains growth in Systems Engineering and Contractor Logistic Support, medical supplies, equipment and treatment facilities.

Details on the price and program growth are provided on the following pages.

ESTIMATED PRICE CHANGE

The budgeted price change of $230 million in fiscal year 1986 includes price fluctuations for non-personnel purchases, annualization of fiscal year 1985 pay raise, fiscal year 1986 5 percent civilian pay cut, and the fiscal year 1986 foreign national indirect hire pay raises. These price changes permit a realistic estimate for inclusion in the Authorization and Appropriation Acts to execute the approved O&M programs.

O&M, AIR FORCE—PRICE AND PROGRAM CHANGE BY CATEGORY

[In millions of dollars]

Category	Price growth	Program growth	Fiscal years 1985–86 change
Civilian personnel	−$105	+$157	+$52
Travel	+6	+3	+9
Stock fund (SF)	−450	+318	−132
Industrial fund maintenance	−116	−14	−130
Transportation	−47	+52	+5
Other purchases	+336	+964	+1,300
Subtotal	−378	+1,480	+1,103
Refunds	+608	—	+608
Total [1]	230	1,480	1,711

[1] May not add due to rounding.

Note that the categories reflect price change decreases. The last item relates to the fiscal year 1985 refund and is shown separately for clarification. In fiscal year 1985, the Air Force received $608 million in refunds from Revolving Fund accounts as directed by Congress. These refunds act as positive price growth when looking at fiscal year 1986 changes, and create an overall price growth.

WHAT O&M BUYS

Although O&M funding is critical to readiness, the O&M account is not well understood by many who have an otherwise excellent knowledge of military affairs. Even members of the armed forces often have a limited knowledge of what it buys. It is difficult to grasp the full range and importance of the O&M account.

The O&M appropriation provides the money used to buy fuels, lubricants and small or low cost parts for aircraft, missiles, and vehicles. It is also used to maintain runways and facilities, operate the physical plants, perform depot maintenance on weapon systems, train and provide health care to people, and pay civilian employees. All levels of Air Force management are active in managing, budgeting, and executing O&M. The primary determinants of O&M dollar requirements are flying hours, forces, manpower, and bases. The O&M account provides the "life blood" for combat and support forces.

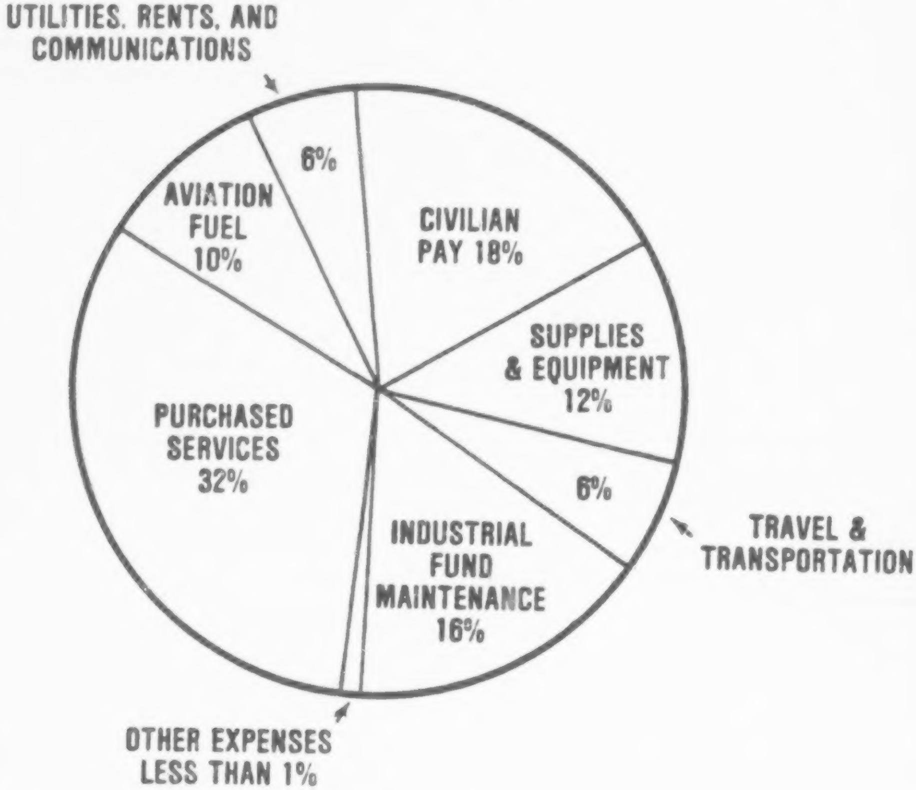
In terms of aggregate physical plant, major units, combat training activities, and other gross quantitative indicators, the following kinds of things are acquired and/or supported with O&M funds (fiscal year 1986 data):

—Major installations—136
—Aircraft flown and maintained TAI—6,658 (O&M, AF, aircraft inventory)
—Flying hours—2,435,822 (O&M, AF)
    —Aircraft POL—57,158,000 BBLS (active)
    —Other POL--8,863,000 BBLS (active)
—Personnel paid or supported—
    —Military—611,500 (active only)
    —Civilian—164,674 (O&M, AF)
—Airfield pavements—250 million square yards

—Roads and streets—12,000 miles

The Air Force budgets, manages and administers its funds by Major Force Program (previously shown). However, to some, it is easier to look at what O&M buys in terms of commodities, that is, broad classes of goods and services. The following chart shows the composition of O&M, AF, costs by commodity class.

O&M COSTS BY COMMODITY (FY 1986)



O&M AND READINESS

The military might of a nation has traditionally been measured in terms of troop strength and quantities of hardware: divisions, tanks, aircraft, missiles, and ships. An assessment of military capability based exclusively on quantities of equipment and number of personnel ignores the essential element of combat readiness. Readiness is defined as the ability of military forces, units, weapon systems, equipment and personnel to perform functions, at the outbreak of hostilities, for which they have been designed, organized, or trained. As such, it is an element of overall military capability, along with the forces in being (force structure), age and technological capability of weapon systems and equipment (modernization), and the ability to continue effective military operations over an extended period of time (sustainability).

Virtually every O&M dollar the Air Force spends contributes to readiness in some way. However, since much of the Air Force O&M budget is spent on programs whose true effectiveness can be measured only during actual hostilities, it is difficult to quantify precisely the readiness impact of every O&M expenditure in peacetime. For example, quantifying the additional readiness derived from one additional sortie by an aircrew is difficult. Even more intangible is the effect on morale and readiness generated by painting or furnishing airman dormitories. Despite this difficulty, an overall direct relationship exists between the programs O&M buys and the day-to-day readiness of the Air Force.

AIRCRAFT INVENTORY AND FLYING HOURS

Almost one-third of the total O&M budget supports flying operations. A large part of the depot maintenance program, all of the aviation petroleum-oil-lubricants (AVPOL), and roughly one-third of the supplies purchased with O&M funds are used to support flying operations.

The need for aviation POL and supplies is generally understood. Aviation POL is the fuel consumed in the flying of aircraft and in maintaining and testing of engines. Supplies are the small or low cost replacement parts and other expendable items used by field maintenance organizations to repair aircraft.

Flying hours generate expenditures for aviation fuel, supplies, and depot maintenance, TDY training, range time, and transportation. Just as important as the hours themselves are where and how they are flown. Straight and level flight, for example, does little to prepare a fighter pilot for war. Aircrews must practice, as nearly as possible, under conditions they would face in actual combat. Training must be rigorous and realistic to allow crew members to exploit the full potential of their weapon system. When aerial weapons were limited to machine guns and conventional bombs, effective training could take place almost anywhere. As weapons have become more expensive and more lethal, "live" practice with weapons has been limited. Electronic simulation devices have, to a large extent, supplemented practice with actual weapons. Improved technology enhances realism when electronic simulation devices are used.

To meet this training challenge, highly sophisticated training ranges are being maintained at the Tactical Air Warfare Center, the Tactical Fighter Weapons Center, the Strategic Training Range Complex, and other weapons training sites. Here aircrews can simulate weapons releases against simulated enemy defenses. These ranges and the simulation devices, such as Air Combat Maneuvering Instrumentation [ACMI], are supported with O&M dollars.

Generally, aircrews must deploy to use the ranges. For example, an F-15 squadron from Langley AFB, Virginia, may deploy to the range near Nellis AFB, Nevada. When a squadron is deployed, its maintenance capability goes with it. Maintenance people, spare parts, tools and equipment are deployed, and we provide a travel allowance to aircrews and maintenance personnel which helps offset their additional living costs. The spares and required maintenance equipment must also be transported to the range. All these transportation and TDY costs are paid with O&M dollars.

Training deployments produce other readiness benefits. U.S. based units become more effective by deploying to Europe or the Pacific to train in the environment in which they may have to fight. Effectiveness of our alliances is improved by conducting exchange and interoperability exercises with allied nations. These exercises require significant expenditures of O&M funds, but have a high payoff in readiness training. For aircrews and maintenance personnel to perform the duties for which they train, they must have the weapons, maintenance equipment, parts, and supplies they need. Transportation of materiel from supply centers in the United States to the using unit, wherever it might be, is paid with O&M funds.

The following table shows the active aircraft inventory and the flying hours funded by O&M funds.

O&M, AIR FORCE ACTIVE AIRCRAFT INVENTORY AND FLYING HOURS [1]

	PAI	TAI	Flying hours
Fiscal year:			
1985	5,904	6,642	2,358,406
1986	5,940	6,658	2,435,822

[1] Includes Foreign Government owned [FGO] aircraft operated by the United States.

The primary aircraft inventory [PAI] is the inventory of aircraft actually assigned to units for the performance of their operational missions. The total aircraft inventory [TAI] is the inventory of aircraft that includes the primary aircraft inventory

[PAI] and the backup aircraft inventory [BAI]. The backup aircraft are those assigned to units to permit scheduled and unscheduled maintenance, modifications, inspections and repair without reduction of aircraft available for the operational mission. Changes in the flying hour program are correlated with changes in PAI, since PAI is the inventory factor in determining the allocation of flying hours to units.

The O&M primary aircraft inventory has a net increase of 36 aircraft in fiscal year 1986 as a result of the Air Force's modernization program and includes replacing older F-4's with F-15's and F-16's, converting F-111A's to EF-111's, and adding additional KC-10 and TR-1 aircraft to the inventory. Additionally, sixteen B-1B bombers enter the inventory in fiscal year 1986. By the end of fiscal year 1986, the B-1 Combat Crew Training Squadron [CCTS] will be fully operational and nearly half of the first operational squadron will be in place.

The O&M flying hour program has an increase of 77,416 hours in fiscal year 1986 primarily to support the additional aircraft entering the inventory, as well as the increased flying activity by our tactical fighter and tanker aircrew members.

The development of the Air Force flying hour program follows the same general planning, programming, budgeting and execution phases as other O&M programs. The program is designed to meet aircrew training requirements to ensure a responsive and ready force. The two major factors in the development of the program are aircrew requirements and sortie generation capability. In close coordination with the Major Air Commands, the Air Force establishes its program based on the lower of these two factors. The Air Force recognizes that any growth in the flying hour program must consider logistical supportability and aircrew availability along with aircrew requirements.

MILITARY AND CIVILIAN PERSONNEL

The following table shows a comparison of Air Force military and civilian personnel for fiscal year 1984-86:

[End strengths]

	Fiscal year—		
	1984	1985	1986
Military (active forces only)	597,125	602,070	611,500
Civilian	252,742	256,469	266,814
O&M, AF	151,954	156,190	164,696
Industrial Fund	45,189	43,753	43,848
RDT&E, AF	19,257	19,195	19,856
O&M, AFR	12,297	12,848	13,545
O&M, ANG	24,045	24,478	24,869

The Air Force manpower program for fiscal year 1986 reflects a growth in military personnel (+9,430) and an increase in civilian personnel (+10,345) from fiscal year 1985 levels. The military growth represents a 1.6 percent increase above the fiscal year 1985 active force strength. 6200 military and 2600 civilians are directly tied to force structure growth such as B-1B, ALCM, F-15, F-16, KC-10, TR-1, and C-5B. 5000 military and 3800 civilians are programmed to enhance readiness and sustainability areas such as Chem-Bio Defense, Air Base Survivability, Aerial Ports, Medical and Central Logistics programs. 1,600 military and 300 civilians will go to command and control initiatives; another 800 military and 500 civilians are tied to our investment in the future—increased flying training and R&D program requirements. Additionally, the Air Force has programmed conversion of military positions to civilian in non-military essential areas. This conversion, combined with contracting actions, has offset the military growth by 4,200 while increasing programmed civilians by an additional 3,100.

FUNCTIONAL REVIEW PROGRAM

Long considered a leader in the manpower requirements determination area, the Air Force is constantly looking for ways to improve on that process. Recent changes have been made to the Management Engineering Program [MEP], integrating certain concepts used in the A-76 cost comparison process, in an effort to reduce operating costs and promote increased productivity.

Over the next five years, the Air Force will be conducting functional reviews on those commercial activities that must remain in-house for national defense reasons. Reviews are planned in virtually every functional area, encompassing nearly 620,000 authorizations (military and civilian). Functional reviews will be conducted by existing MEP personnel with the objective to eliminate unnecessary and inefficient work practices, thus reducing operating costs. The functional review process looks at wartime, as well as peacetime requirements to assure that peacetime economies will not adversely impact on combat readiness.

CONTRACT CONVERSIONS

OMB Circular A-76 cost comparisons continue as part of our overall effort to reduce Air Force operating costs. Workloads which do not require either military or in-service civilian personnel are considered for potential contract performance in accordance with the Circular. An in-service essentiality review to ensure that combat readiness would not be compromised is accomplished before an activity is identified for cost comparison. Such cost reviews compare the total Government cost of the most efficient in-house operation to the total cost of contracting such services. The decision to perform in-house or by contract is based upon the results of the cost comparison. Contractor performance is subsequently monitored to ensure that we continue to receive the best service for the lowest cost.

Currently the Air Force is conducting cost comparison studies involving more than 500 activities involving approximately 13,000 manpower authorizations. These and subsequent comparisons will comply with Section 502 of the fiscal year 1981 DOD Authorization Act.

The Air Force has long considered the contract alternative a viable and efficient means of accomplishing workload. As a result, the Air Force has progressed further in contracting commercial activities than the other Services and DOD agencies—approximately 78,000 contract work years. Recent A-76 cost comparison programs have responded to the renewed OMB/OSD emphasis on contracting—over 24,000 Air Force spaces have been announced for cost comparison and possible conversion to contract since fiscal year 1979. However, national defense considerations are primary in any contracting-out decision. Future contracting candidates must continue to be evaluated on the basis of their impact on readiness and our ability to respond to wartime exigencies. Therefore, the Air Force supports a moderate contracting out program which is paced such that each activity is critically examined according to its wartime role before certifying it eligible for contract.

DEPOT MAINTENANCE

The Depot Purchased Equipment Maintenace Program [DPEM] is one of the most visible of the O&M programs because of its cost and direct impact on force readiness. DPEM provides for centralized maintenance and modification of aircraft, missiles, engines, other major equipment, and exchangeable subassemblies and components that are repaired or modernized at the Air Logistics Centers, through interservice support, and by contract. The current annual expenditure for depot maintenance is large in dollar terms, but it is small in comparison to results. The funds spent for depot maintenance both maintain and improve war fighting capability. Combat training must be rigorous to be effective. Under the stress of such training, equipment can deteriorate rapidly. Air Force requipment is also exposed to the elements in some of the world's harshest environments. Since we train with the weapons we will fight with, deteriorated equipment must be restored or replaced. By restoring equipment to a ready state, depot maintenance helps us avoid tremendous investment costs.

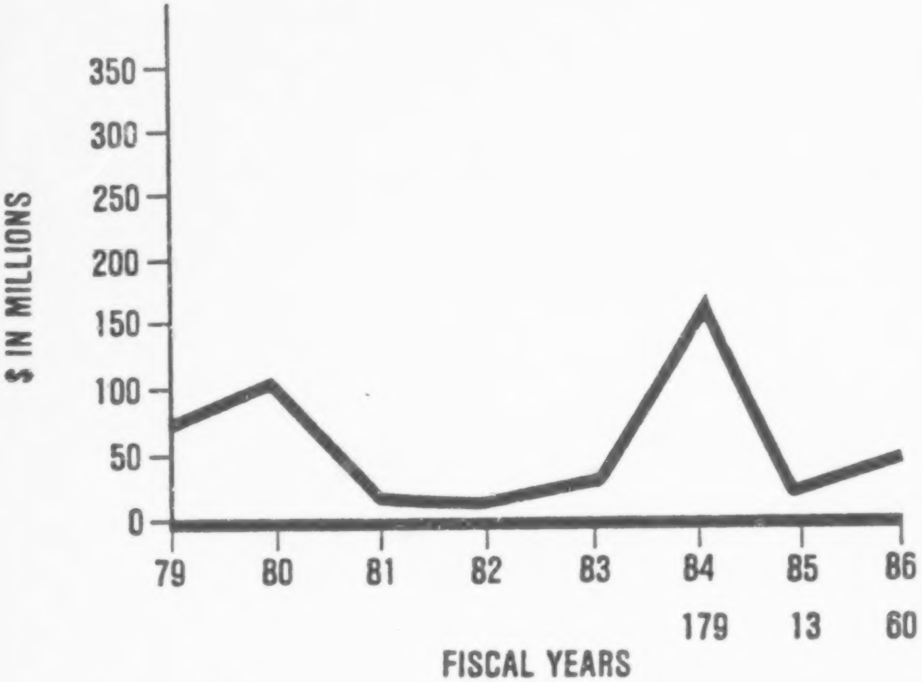
Besides deterioration, we must deal with obsolescence and the resulting need for new capabilities. In many cases, we avoid buying new equipment by modifying existing systems. The C-5 wing modification and the B-52 cruise missile conversion are examples of current modifications. Although modification kits are bought with procurement funds, installation of the parts and kits is an O&M cost—whether accomplished by contractors or by in-house personnel.

The DPEM backlog is $13 million in fiscal year 1985 and increases to $60 million in fiscal year 1986.

[In millions of dollars]

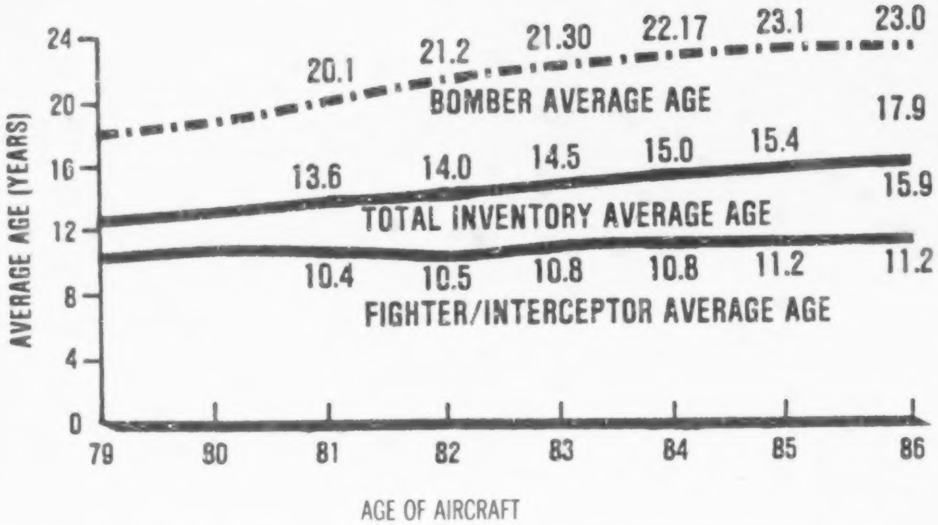
	Fiscal year—		
	1984	1985	1986
unding	$3,018	$3,490	$3,427
Backlog	179	13	60

DPEM BACKLOG (O&M, AIR FORCE)



The four major factors that drive the requirement for depot maintenance are the number of aircraft in the inventory, the hours flown, the complexity of aircraft and their systems, and the age of the aircraft. The trends in number of aircraft and flying hours are portrayed on earlier charts. The growing age of the aircraft in the inventory is illustrated on the following chart and table.

PROJECTED AVERAGE AGE OF ACTIVE AIRCRAFT INVENTORY



	Inventory	Number 9 yrs +	Percent 9 yrs +
Fiscal year:			
1964	15,214	5,173	34
1973	10,709	5,076	47
1974	10,156	5,383	53
1975	9,334	5,134	55
1976	9,287	5,758	62
1977	9,256	6,295	68
1978	9,138	6,671	73
1979	8,959	6,757	75
1980	9,073	6,968	77
1981	9,180	6,945	76
1982	9,206	6,964	76
1983	9,355	7,025	75
1984	9,407	6,862	73

The foregoing data indicates that in spite of the ongoing modernization program, the average age of aircraft in the force grew perceptibly over the past two decades. For example, the percentage of aircraft over nine years old went from 34 percent in fiscal year 1964 to 73 percent in fiscal year 1984. This aircraft aging is reflected in the increased cost of aircraft repair, maintenance and modification.

STOCK FUND

The Air Force Stock Fund request for Total Obligational Authority [TOA] of $464.9 million in fiscal year 1986 supports peacetime inventory augmentation ($325.9 million) and procurement of War Reserve Materiel [WRM] ($139.0 million).

The $325.9 million requested for peacetime inventory augmentation provides for the procurement of inventory to support force expansion, force modernization, and materiel readiness initiatives.

The fiscal year 1986 peacetime inventory augmentation request is composed of the following:

—$290.8 million to support force expansion which includes introduction of new weapon systems such as the B-1B; increased inventory of F-16's; and new Ground Communications Electronics Systems.

—$33.7 million to support force modification which includes initial support for major modifications such as the C-135 reengining program, the B-52 offensive avionics system and cruise missile integration modifications, and modifications of the F-111 aircraft.

—$1.4 million to support readiness initiatives that will improve support of customer demands at wholesale and retail operating activities.

The fiscal year 1986 WRM request allows the Air Force Stock Fund to continue building the capability to meet combat sustainability objectives and to preposition medical supplies and rations that are essential for the care and sustenance of our personnel during combat operations.

Full funding of this request will enable the Air Force to procure the proper mix of stock to: (1) support initial readiness of new weapon systems entering the force structure and modifications to existing systems; (2) expand the range and depth of inventory stockage levels at both wholesale and retail activities to support increased peacetime activity and improve materiel availability; and, (3) provide the supplies and rations essential to maintain the fighting capability and survivability of our forces.

FACILITY MAINTENANCE AND REPAIR FUNDING AND BACKLOG

A large share of the O&M budget is spent for maintenance and repair of real property and other civil engineering activities. Much of the physical plant in the Air Force is the supporting structure for readiness: maintenance hangars, aircraft shelters, missile silos/launch facilities, satellite control facilities, and runways. This supporting structure is especially important because the Air Force, unlike the other Services, will fight from its air bases. Much of the physical plant is of World War II or Korean War vintage, and we are spending large sums of money to maintain facilities. Some of these, particularly overseas, more practically should be replaced. Utilities and operating costs for these old facilities is unavoidably expensive as well. Shortages of Military Construction funding have caused the Air Force to continue to operate and maintain some marginally effective facilities.

A method of evaluating physical plant condition is the backlog of maintenance and repair (BMAR). The BMAR is not a measurement of the total maintenance and repair requirement. Rather, it is a measurement of requirements which were deferred. As our physical plant ages, the BMAR grows if the O&M and Milcon funding does not keep pace. With the exception of fiscal year 1982, O&M funding has not been sufficient to reduce the growing backlog, despite Air Force efforts to put more money each year into RPMA programs. Major commands have gone on record to emphasize the undesirability of large scale deferral of facility maintenance and repairs. Deferred requirements for airfield pavements, utility systems, and operational or maintenance facilities (all readiness related) now comprise roughly 40% of the current BMAR. The remainder consists of deferred requirements in other work, recreation, and living facilities. Continued deterioration in these facilities not only causes repair costs to escalate each year but also adversely affects the morale of our people and our readiness.

Earlier, I mentioned that the BMAR does not represent our total maintenance and repair requirement. The BMAR identifies deferred requirements, but each year we also generate newly identified maintenance and repair requirements. Thus each year we have a total requirement that includes deferred BMAR plus new requirements. Our success in achieving the real property maintenance and BMAR goals set forth in our budget request is directly proportional to the support for the funding requested in our budget.

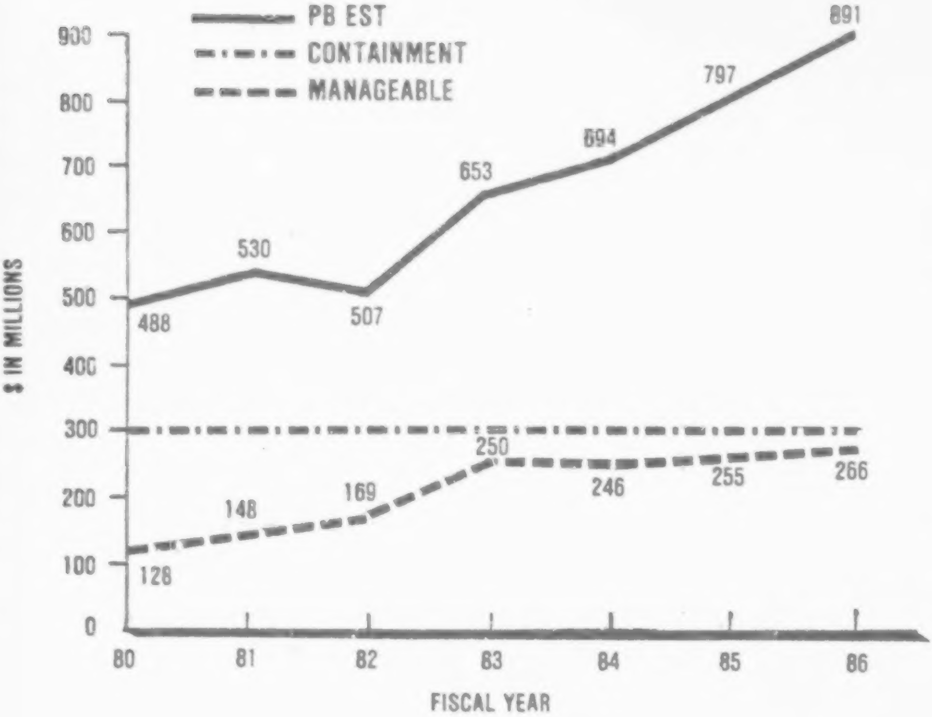
In fiscal year 1982 we were able to reduce the O&M BMAR for the first time since fiscal year 1975. However, because of competing requirements for fiscal year 1985 O&M funding, we project another increase in the backlog this year. The fiscal year 1986 budget request does not include sufficient funding due to higher Air Force priority programs to reverse this trend. In fiscal year 1986, the O&M BMAR is projected to be almost $600 million above the Congressional containment level of $300 million. We earnestly need your full support of the Air Force real property maintenance funding requests during considerations of the fiscal year 1986 budget.

FACILITY MAINTENANCE AND REPAIR (O&M, AIR FORCE)

[In millions of dollars]

	Fiscal year—		
	1984	1985	1986
Backlog (BMAR)	$694	$797	$891
Funding	429	413	456

BACKLOG OF MAINTENANCE AND REPAIR



RECRUITING AND ADVERTISING

Recruiting of quality personnel is essential if the Air Force is to continue to meet its critical skill requirements. The O&M resources necessary to meet the recruiting goals in fiscal year 1985 and fiscal year 1986 are:

[In millions of dollars]

	Fiscal year—	
	1985	1986
Recruiting	$29.7	$30.7
Advertising	16.8	17.6
Total	46.5	48.3

Total Air Force recruiting objectives are:

	Fiscal year—	
	1985	1986
Enlisted	67,000	69,800
Officer	3,728	3,045
Health professionals	1,602	1,580
Total	72,330	74,425

The increase of $1.8 million between fiscal year 1985 and fiscal year 1986 includes $1.3 million price growth and $.5 million program growth. Although we are currently achieving our enlisted accession goals (Non-Prior Service and Prior Service), increased emphasis is needed to sustain our success, particularly in difficult recruiting programs such as electrical engineers, physicians in critical specialties, and fully qualified prior service personnel targeted at critical skills. Fiscal year 86 program growth is required to fund applicant processing and direct recruiter support costs necessary to recruit an additional 2,095 (+3 percent) enlisted, officer, and medical personnel than in fiscal year 1985. There is no program growth in advertising as we will align our resources internally to meet our most difficult recruiting programs.

SERVICE CONTRACTS

Our fiscal year 1986 budget request is divided into two parts: first, the Special Analysis on Consultants, Studies and Analyses, and Management Support Contracts; and second, a breakout of Contract Systems Engineering and Contract Engineering Technical Services [CETS]. The total request of $400.5 million is an increase of $73.7 million over fiscal year 1985. Of this amount, $74 million (18 percent of the total) is for the CETS program. Under CETS, contractor technical representatives provide instruction and training to Air Force personnel in the operation, installation, and maintenance of weapons and equipment, particularly for new or modified systems, such as B-1B, F-16 and Special Operations Forces. Often, these systems represent technologies which are new to Air Force operators and maintenance personnel, and for which formal training courses are either limited, non-existent, or not cost effective. The importance of properly trained people cannot be overstated—they, along with the proper equipment, produce the day-to-day deterrence. Approximately $18 million (or 5 percent of the total fiscal year 1986 program) is for studies and analyses and for consultant services.

The largest amount, $299 million (75 percent of the total) is for Contract Systems Engineering. It is important to understand what type of services are being purchased with these resources. Contract Systems Engineering directly supports Air Force weapon systems to sustain and improve their design and performance and to modify embedded computer software. Contract System Engineering is directly related to force readiness. Other important service contracts reported in the category of professional or management services include technical support for foreign technology analyses.

We recognize and share congressional concern for prudent resource management of these service contracts. We have taken a number of initiatives to further this objective, including, for example, significant revisions to our accounting system to better control these expenditures. We solicit your support of our budget request in this area.

SPACE OPERATIONS

The Department of Defense is becoming increasingly dependent on space-based assets to conduct effective and efficient military operations. The full integration of space operations in the employment of our terrestrial forces requires that we meet user requirements in terms of factors such as: availability, survivability, performance, supportability, and capacity.

The Air Force is proceeding to bring the Vandenberg AFB (VAFB) Space Shuttle launch and landing site to operational status in October 1985. The first shuttle launch from VAFB will not be earlier than January 29, 1986. The increase in O&M ($169.1 million) to support the VAFB Shuttle launch and landing site is contained in the Space Launch Support Program line. This growth is partially offset by a decrease in orbiter flight charges. Program growth in Space Launch Support is $107.6 million.

Our current inventory of expendable launch vehicles [ELV's] is being exhausted. The last Titan III will be delivered in early 1986, and the Atlas E refurbished ICBM's will be used to launch the Defense Meteorological Satellite Program [DMSP] through 1989. The Air Force no longer has any backup ELV's. All have been assigned to primary launch missions. We are planning to convert decommissioned Titan II ICBM's into Space Launch Vehicles for DMSP and classified program launches to occur between fiscal year 1988 to fiscal year 1990. Program growth in the Space Boosters line is less than $5 million.

In his National Space Policy Directive, [NSDD-144], the President endorsed DOD's validated requirement for assured access to space. While the Space Transportation Support [STS] has proven to be highly reliable, and the DOD remains fully committed to it for the majority of its payloads, total reliance on any single launch system for access to space represents an unacceptable national security risk. Therefore, the DOD plans to implement the President's policy by acquiring a limited number of ELV's for launch in the 1988-92 timeframe.

These ELV's will be used to complement the Shuttle for the JCS's top priority satellite programs. To the greatest extent affordable, the Complementary ELV program seeks to provide a Shuttle-complement by minimizing commonality with Space Transportation Support [STS] components, facilities, and industrial base. Furthermore, while satisfying immediate national security requirements, the Complementary ELV program, when coupled with the STS, provides a sound foundation for progress toward the nation's space transportation goals for all sectors—civil, commercial, as well as national security. Operation and Maintenance funding for the Complementary ELV is projected for fiscal year 1989.

The Consolidated Space Operations Center [CSOC] at Colorado Springs will perform the two mission elements of satellite control and Space Shuttle operations. The satellite control element of CSOC will provide communications, command, and control service functions for orbiting spacecraft. The Shuttle element will conduct flight planning, readiness, and control activities for DOD shuttle missions. Since the facilities come on line in fiscal year 1986, there is a significant increase in O&M funding required.

It can be expected that Space related O&M requirements will continue to grow into the 1990 time frame. In 1990, the majority of DoD satellites will have transitioned to the Shuttle, at which time the O&M requirements should level off.

PEOPLE

People are a key resource. No investment in equipment and facilities would produce readiness without well-trained, motivated, and dedicated people. We must attract and retain high quality people, train them to do their jobs, and sustain them and their families. How well we do all these things depends on our ability to reach these people, and that requires O&M funding. Our recruiting stations, advertising, and the leased vehicles used by recruiters are paid for with O&M funds. Our technical training centers are operated with O&M funds. These centers train recruits in entry level job skills and, as they progress in their careers, provide the skills they need to become senior technicians and managers. When new weapon systems such as the F-15 are bought, instructors and maintenance personnel are sent to the manufacturers' plants for training.

Once military personnel are trained and in the field, most of their operating support, except for pay and food, is provided by O&M funding. Dormitories are maintained and equipped with O&M funds, and dining halls are operated with O&M funds. Morale, welfare, and recreation facilities receive O&M support. The level of real property maintenance funds determines the condition of working facilities. These types of personnel support costs probably have more impact on retention than anything other than pay. Dollars spent for personnel support help avoid much larger costs needed to train replacements for dissatisfied people who leave the Air Force.

Civilian employees compose a large and important segment of the Total Force. Their contributions improve readiness and mission accomplishment on a daily basis. While the Air Force supports the Administration's position on civilian pay and benefits, we are committed to keeping our civilian members full partners in the Total Force.

Civilian personnel management faces many of the same challenges as the military. In particular, the need to attract and retain high quality people is both a necessity and an area of concern. The Air Force will be competing in a very difficult market as we continue to convert military positions to civilian and hire more civilians to monitor our spares acquisition process. Further, once we attract these technically oriented employees, we must ensure our personnel system responds to their needs for recognition, advancement, and security.

The following pages provide O&M Air Force budget data by major force program for fiscal year 1984-86.

STRATEGIC FORCES

Strategic Forces provide the capability to insure credible deterrence in support of national policy. These forces are combined into two major categories: Strategic Offense and Strategic Defense. Strategic Offense forces are those of the Strategic Air Command and consist of aircraft, missiles, and command, control and communication systems. Strategic Defense forces include elements of Space Command, Alaskan Air Command, and Tactical Air Command. Strategic Defense forces include: atmospheric, ballistic missiles, and space surveillance systems, space defense systems, interception aircraft, and the associated command and control for these systems. Funding requirements are summarized in the following table:

[In thousands of dollars]

	Fiscal year—		
	1984	1985	1986
Strategic offensive	$2,092,154	$2,174,438	$2,223,847
Aircraft	1,115,242	1,107,261	1,072,580
Missiles	128,021	174,071	211,021
Other defensive operations	63,934	70,071	69,835
Telecom and command control	107,783	128,726	148,994
Base operations	677,174	694,309	721,417
Strategic defensive	960,720	1,021,460	1,178,809
Surveillance radars	268,297	292,858	368,056
Surveillance satellite	126,212	149,503	173,687
Other defensive operations	132,061	128,784	148,078
Telecom and command control	94,521	114,042	130,328
Base operations	339,629	336,273	358,660
Total	3,052,874	3,195.898	3,402,656

Major program increases in terms of program growth in Strategic Forces for fiscal year 1986 include the following: O&M support for B-1B Program (+$30.0 million), flying hour program increases for the KC-135 and FB-111 (+$10.0 million), increased strategic reconnaissance activities (+$3.8 million), logistic upgrades for the Minuteman Program (+$27.0 million), O&M support for Peacekeeper (+$7.0 million), strategic C3 upgrades (+$33.4 million), O&M support for the upgrade of selected Distant Early Warning [DEW] Line sites to be retained as part of the new North Warning System (+$27.0 million), O&M for the East Coast Over-the-Horizon (OTH) Radar (+$11.1 million), activation of new PAVE PAWS radar sites (+$8.2 million), Defense Support Program [DSP] upgrades (+$11.0 million), activation of an additional Ground-Based Electro-Optical Deep Space Surveillance site (+$5.8 million), activation of an additional F-15 squadron (+$8.8 million), increased flying hours for strategic defensive training program (+3.6 million), and increased O&M for classified programs (+$19.0 million). These program increases are partially offset by phase-out of the F-106 aircraft (−$8.4 million), reduced O&M for SLBM radar warning system support (−$5.0 million), and Titan deactivation (−$.7 million).

GENERAL PURPOSE FORCES

General Purpose Forces consist primarily of the Tactical Air Command, the Alaskan Air Command, the Pacific Air Forces, and the United States Air Forces in Europe. These forces provide for air superiority, counter-air, interdiction, close air support, reconnaissance and surveillance, and electronic warfare. The following table summarizes General Purpose Forces funding requirements:

[In thousands of dollars]

	Fiscal year—		
	1984	1985	1986
Tactical fighters and weapons	$1,535,325	$1,503,565	$1,464,630
Tactical reconnaissance electronic warfare	132,330	179,857	205,127
JCS exercises	33,230	31,342	31,104
Combat support	133,917	196,554	264,747
Other command and control	177,678	195,415	182,192
Other tactical operations	120,004	116,704	120,016
Major range and test facilities	23,323	27,311	26,358
Tactical intelligence and special activities	180,118	250,418	373,804
Telecomm and command control	117,828	123,275	139,669
Base operations	1,397,767	1,409,790	1,504,248
Foreign currency	−22,476	—	—
Total	3,829,044	4,034,231	4,311,895

Major program increases in fiscal year 1986 include support for the tactical flying hour program (+$22.0 million), support for the KC-10 (+$26.6 million), and sustaining engineering to support weapon systems (+$36.7 million). The above increases directly enhance the readiness posture of our tactical forces. Additionally, there is support for the GLCM mission (+$10.8 million), TR-1 support (+$25.8 million), intelligence and special activity programs (+$126.8 million), chemical and biological defense programs (+$18.4 million), WRM readiness requirements (+$21.6 million), and communications support to tactical programs (+$14.5 million). Base Operating Support increases to cover programs such as GLCM (+$3.1 million) and Wartime Host Nation Support program (+$7.5 million). Real Property Maintenance increases are for GLCM (+$19.7 million), SWA Facility Support (+$12.5 million), Air Base Ground Defense and Survivability (+$30.0 million), and Chemical and Biological Defense Shelters (+$3.8 million).

INTELLIGENCE AND COMMUNICATIONS

This program has four major areas of activity: (1) The conduct of National, Department of Defense, and Air Force intelligence and security programs and worldwide communications and command control systems required by both National Command Authorities and the Air Force under all conditions of peace and war; (2) space support activities; (3) specialized functions such as weather service, air traffic control, and Office of Special Investigations (collectively called service-wide activities); and (4) the base operations functions to support these activities. Funding requirements are summarized in the following table:

[In thousands of dollars]

	Fiscal year—		
	1984	1985	1986
Telecommunication and command control	$574,000	$710,572	$797,684
Space support	488,514	748,819	972,240
Intelligence and servicewide activities	617,638	625,288	639,126

	Fiscal year—		
	1984	1985	1986
Base operations	32,462	32,841	35,769
Total	1,712,614	2,117,520	2,444,819

The changes in funding requirements in fiscal year 1986 include price growth (+$60.8 million), and program growth as follows: Space Launch Support Program (+$107.6 million), Consolidated Space Operations Center (+$62.9 million), Satellite Control Facility (+$11.0 million), Space Boosters (+$4.5 million), Navstar GPS (+$6.8), Weather Service (+$6.6 million), Defense Meteorological Satellite Program (−$2.5), Electronic Combat Intelligence Support (−$0.8 million), Office of Special Investigations (+$1.1 million), Leased Long Lines Common User Communications (+$9.8), Communications-Electronics requirements (+$4.1 million), Mobile Ground Entry Points (+$2.2 million), Defense Data Network (+$4.6 million), Real Property Maintenance (−$0.5 million), Inter-Service Agency Automated Message Processing Exchange Program (+$26.4 million), AFSATCOM/Milstar (+$3.3 million), World-Wide Military Command and Control System-ADP (+$8.0 million), and WWMCCS Information System [WIS] (+$3.3 million).

AIRLIFT FORCES

This program provides the funds to operate and maintain the Military Airlift Command [MAC]. The primary mission of MAC is to maintain the readiness of the military airlift systems in support of contingency and wartime plans and operations. This mission has three subsets: strategic airlift, tactical airlift, and special operations [SOF] and combat rescue.

The O&M funds requested in this program are for initial qualifications; continuation and upgrade training of C-5, C-141, and C-130 aircrews; SOF and combat rescue operations; operation and maintenance of MAC bases; advanced helicopter crew training; command, control and communications; maintenance of an operational support airlift system; and intermediate and organizational aircraft maintenance. The funding also supports DOD flying hour requirements for specific airlift missions assigned to the Air Force as a mission and funding responsibility, and local area training for C-5, C-141 and C-130 aircrews.

The peacetime readiness training of the military airlift system provides airlift capability as a training by-product. This by-product satisfies a large portion of the air transportation requirements of the Army, Navy, Air Force, Marine Corps, and other Government agencies by way of airlift services provided on a reimbursable basis by the Airlift Service Industrial Fund [ASIF].

Funding requirements are summarized in the following table:

[In millions of dollars]

	Fiscal year—		
	1984	1985	1986
Assigned airlift mission	$484,347	$522,198	$428,449
Mission support	176,125	196,302	206,755
Special operations and combat rescue	54,984	54,628	49,942
Combat support	19,393	19,860	18,816
Telecommunication and command control	24,273	28,316	31,838
Base operations	478,967	453,325	435,527
Total	1,238,089	1,274,629	1,171,327

The increases in funding in fiscal year 1986 include flying hour increases for the European Distribution System and initial training for C-5 and C-141, ($11.0 million), funding of C-12F and C-21 leased aircraft (+$6.0 million); command, control, and communications (+$3.0 million); C-5B support (+$3.0 million); and Unaccompanied Personnel Facilities Improvement Program (+$5.0 million). Offsetting these increases are price decreases (−$67.0 million); reduced C-5 Allowable Cabin Load requirements (–$35.0 million); termination of the C-20 lease (–$2.0 million) since C-20 aircraft are procured in fiscal year 1985; transfer Bolling AFB to MFP 9 (–$22.0 million); and discontinuance of Phase II equipment and purchase of Phase IV equipment (–$8.0 million).

CENTRAL SUPPLY AND MAINTENANCE

Central Supply and Maintenance funds essential logistical support to operating forces world wide through the functions of distribution, materiel management, prime procurement, contract management, depot maintenance, and first and second destination transportation. In addition to the direct Air Force mission, similar logistical support is provided to the Air Force Reserve, the Air National Guard, other DOD and government agencies, and selected foreign governments. This program also provides limited support to commissary operations, the Utah Test and Training Range, Eastern Test Range, Western Test Range, the Military Aircraft Storage and Disposition Center, printing and publications, telecommunications, and associated base operations. Funding requirements are summarized in the following table.

[In thousands of dollars]

	Fiscal year—		
	1984	1985	1986
Supply depots	$307,117	$328,414	$318,207
Inventory control	452,922	521,286	571,733
Procurement operations	166,089	186,371	203,428
Depot maintenance	2,862,844	3,372,507	3,411,818
Modernization	374,908	352,339	317,302
Industrial and stock fund support	–618,800	–632,428	–24,000
Transportation	573,665	563,790	576,996
Miscellaneous logistic support activities	156,927	183,972	205,415
Industrial preparedness	8,742	11,479	10,357
Printing/publications activities	51,960	50,388	52,823
Test ranges	205,975	204,773	240,279
Commissary operations	183,955	191,156	197,378
Command	95,219	93,062	90,679
Environmental restoration	—	—	96,000
Telecommunication and command control	30,151	34,588	37,608
Base operations	547,086	503,298	526,629
Total	5,398,760	5,964,995	6,832,652

Adjustments to funding levels in fiscal year 1986 include price growth of $490.2 million and program growth of $377.4 million. Major program increases in fiscal year 1986 include $80.0 million for Depot Maintenance. This results from a +$114.0 million increase in the maintenance accounts and a decrease of $34.0 million for reduced quantities of modification kit installations in fiscal year 1986. The fiscal year 1986 funding allows for 2.2 percent growth while maintaining a $60.0 million backlog in fiscal year 1986. Other program increases include: Civilian personnel workyears to support the SECDEF ten point program to improve spare parts procurement and support new weapon systems entering the inventory (+$83.0 million); increased cargo movements (+$38.0 million); software development and system design of various major information systems (+$22.0 million); instrumentation installation, modification, and maintenance at the Western Test Range; loss of special interest launch reimbursements; operation of the new Jonathan Dickerson Instrumental Facility concurrent with existing downrange tracking sites; and USNS Redstone ship life extension program (+$29.0 million). In addition, funds are requested for the Environmental Restoration program (previously not a part of the O&M, AF appropriation) which provides for toxic/hazardous waste and debris removal at both currently and formerly owned Air Force installations (+$96.0 million).

TRAINING, MEDICAL AND OTHER GENERAL PERSONNEL ACTIVITIES

This program provides training, medical care and other individual personnel activities of organizations. The O&M funds provide individual training for military and civilian members of the active Air Force, Air Force Reserve, Air National Guard, Air Force Academy and AF ROTC cadets. This program also includes recruiting activities, military personnel off-duty education programs, and civilian education and development programs. The medical portion provides essential medical capability to meet wartime and peacetime requirements; and provides health care for active duty and retired personnel and for other authorized recipients on a space available basis. The funding requirements are summarized in the following table.

[In thousands of dollars]

	Fiscal year—		
	1984	1985	1986
Recruiting, advertising and examining	$47,483	$50,777	$52,611
Recruit and specialized training	159,009	170,900	181,041
Officer acquisition	68,783	76,571	83,020
Flight training	300,873	282,264	255,300
Professional development education	42,998	51,708	51,104
Education and training—Health	31,021	32,034	33,293
Other personnel activities	101,440	114,838	136,893
Training support activities	58,224	58,721	61,476
Base communications—Training	19,402	21,699	24,152
Base operations—training	487,790	472,451	511,380
Hospital operations	688,586	720,130	767,707
Total	2,005,609	2,052,093	2,157,977

The increase in Training and Other General Personnel Activities in fiscal year 1986 consists of price changes of −$18.7 million and program changes of +$124.6 million. The program growth includes increases in facility projects primarily to reduce the growth in the backlog of ATC's facility maintenance and repair and to do some rehabilitation work at the Air Force Academy (+$17.9 million); increases in eligibility and participation in the Veterans' Educational Assistance Program [VEAP] and Education Assistance Test Program [EATP] programs (+$7.1 million); training of civilian personnel to support new and more complicated weapon systems and to improve acquisition and contracting procedures (+$7.1); and acquisition of microcomputers for Air Force Academy faculty and cadet training for the second year of a four year program (+$3.8 million). These increases have been offset in part by a reduction in the funds spent for the leasing of data automation equipment (−$4.2 million) and phased requirements (−$2.7 million) for Command Readiness Exercise System [CRES] software.

The increase in medical funding requirements in fiscal year 1986 includes medical supplies (+$11.6 million) and site preparation (or leases) for prepositioning medical war readiness materiel (+$4.5 million); contract registered nurses to provide increased quality of care (+$5.5 million); increased civilian end-strengths for quality assurance at medical centers and hospitals ($4.5 million); hardware maintenance and software development for automated systems for readiness, patient accessibility and quality of care systems (+$2.0 million); drug reconfirmation testing (+$1.5 million); and diagnostic services for added patient volume resulting from additional physician end-strengths (+$1.1 million).

ADMINISTRATION AND ASSOCIATED ACTIVITIES

This program covers administrative support of departmental and major administrative headquarters, field commands and associated activities. This program also provides the Air Force and DOD agencies with essential photographic and video services. Resources are included for the Civil Air Patrol, Air Force Audit Agency, Air Force Service Information and News Center, Air Force Accounting and Finance Center, Aerospace Audiovisual Service, Air Force Inspection and Safety Center, and Air Force Manpower and Personnel Center. The following table summarizes the funding requirements:

[In thousands of dollars]

	Fiscal year—		
	1984	1985	1986
Departmental HQ's	$102,320	$102,167	$104,992
Servicewide support	344,619	369,225	377,813
Personnel activities	40,634	49,080	46,831
Other support activities	12,765	12,328	13,189
Telecommunication and command control	7,440	9,288	11,442
Base operations	21,412	23,890	42,054
Total	529,190	565,978	596,321

The increases in funding requirements in fiscal year 1986 include the establishment of the Air Force Military District of Washington (+$21.7 million)—transfer from other programs, price growth (+$.6 million), Information Systems support (+$10.0 million), Combat Ammunition Systems development (+$6.5 million), Postal Rate Increase (+$1.5 million), Disability Compensation (+$1.3 million), Total Force Pay System (+$5.7 million), Revision of Expense and Investment Criteria (+$3.8 million), and Civilian Personnel (+$21.4 million). These are partially offset by decreases in Information Systems due to purchases of leased equipment resulting from implementation of the Phase IV program (−$32.0 million) and Unemployment Compensation (−$2.0 million).

SUPPORT OF OTHER NATIONS

This program provides funding for support of Air Force personnel assigned to the North Atlantic Treaty Organization [NATO], Supreme Headquarters Allied Powers Europe [SHAPE], other joint military headquarters and agencies, the NATO airborne early warning and control [AEW&C] activities, and management headquarters technology transfer functions. Funding requested is shown below:

[In thousands of dollars]

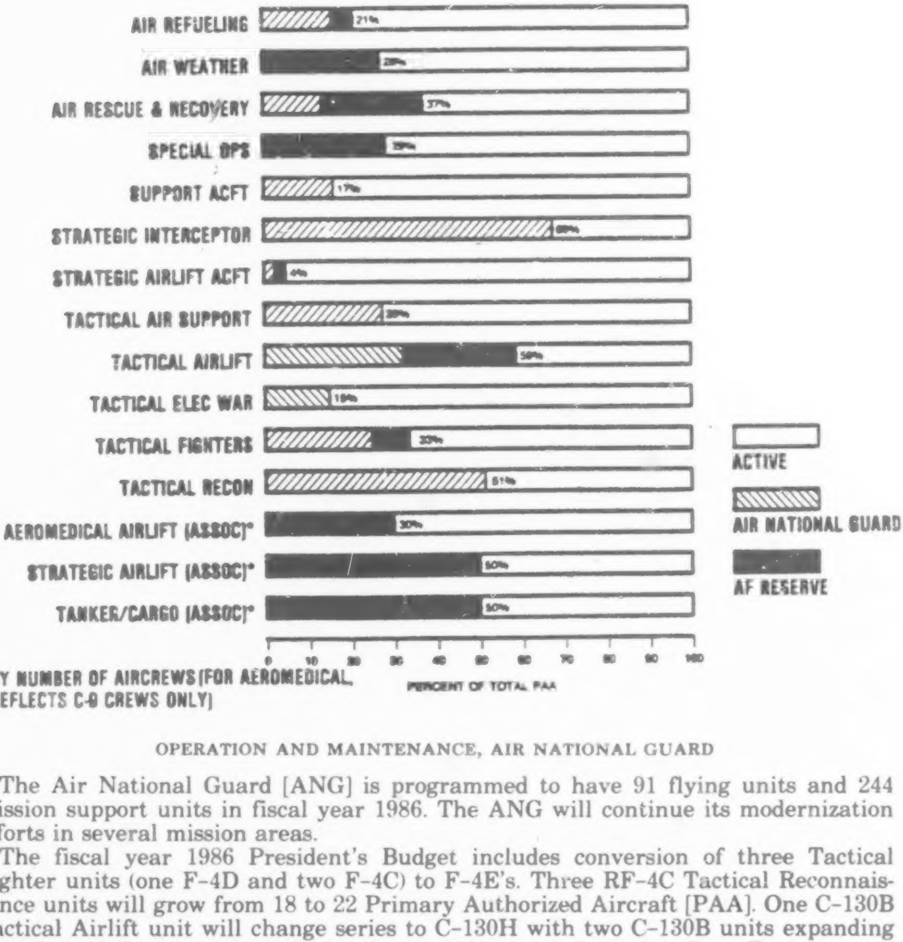
	Fiscal year—		
	1984	1985	1986
Support to other nations	$6,842	$8,121	$6,753

The decrease from fiscal year 1985 to fiscal year 1986 is due to a reduction of 63 civilian workyears associated with the NATO AWACS phasedown.

AIR RESERVE FORCES

Pursuant to the total force policy, the Air Force has placed increasing reliance on the significant contributions of the Air Force Reserve and Air National Guard to attain its overall combat and support capabilities. As illustrated in the following chart, the Air Reserve Forces make up almost half of the Air Force's tactical reconnaissance, and half of the fighter interceptor and tactical airlift capability. Air Force Reserve associate units make up almost half of the Air Force's strategic airlift and tanker/cargo airlift capability. The contribution across the board is substantial.

ARF CONTRIBUTION TO THE TOTAL FORCE
86 PB



*BY NUMBER OF AIRCREWS (FOR AEROMEDICAL REFLECTS C-9 CREWS ONLY)

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

The Air National Guard [ANG] is programmed to have 91 flying units and 244 mission support units in fiscal year 1986. The ANG will continue its modernization efforts in several mission areas.

The fiscal year 1986 President's Budget includes conversion of three Tactical Fighter units (one F-4D and two F-4C) to F-4E's. Three RF-4C Tactical Reconnaissance units will grow from 18 to 22 Primary Authorized Aircraft [PAA]. One C-130B Tactical Airlift unit will change series to C-130H with two C-130B units expanding from 8 to 12 PAA beginning in fiscal year 1987. An A-7 Combat Crew Training unit will have F-16's added to its inventory and one RF-4C Combat Crew Training unit will grow from 6 to 12 PAA. Finally, six units will upgrade their support aircraft by replacing older C-131's with new C-12F's.

Operation and Maintenance (O&M) funding provides for the day-to-day operating expenses of ANG units, including pay of civilians, aviation and ground fuel, depot maintenance of assigned aircraft, supplies, and other expenses.

The following table shows the O&M, Air National Guard funding data for fiscal year 1984-86.

[In thousands of dollars]

Budget activity	Fiscal year—		
	1984	1985	1986
Mission forces	$1,291,532	$1,343,585	$1,346,192
Depot maintenance	404,152	362,793	362,470

Budget activity	Fiscal year— 1984	1985	1986
Other support	105,038	122,470	121,438
Total	1,800,722	1,828,848	1,830,100

The Mission Forces budget activity funds all costs for the operation of the ANG flying and mission support operations. For this activity, there is program growth of $36.8 million and negative price growth of −$35.6 million. The major program increases are caused by annualization of fiscal year 1985 civilian workyears (+$17.1 million), flying hour increase (+$8.6 million), Expense/Investment criteria change (+$4.8 million), and Contract Engineering Technical Services for C-5, C-141, F-16, and F-4E aircraft (+$2.4 million).

Depot maintenance consists of centralized maintenance and modification of aircraft, engines, other major equipment, and exchangeable subassemblies and components that are repaired or modernized at the Air Logistics Centers. There is program growth of $5.2 million and price growth of −$5.5 million for this activity. The major cause of the program increase is for additional programmed depot maintenance for C-130 and F-4 aircraft (+$24.6 million).

The Other Support budget activity provides funds for costs associated with operating the ANG support aircraft, operating costs of the National Guard Bureau's Air Directorate, real property maintenance funds, and base operating support funds for the eight bases for which the ANG is host or single manager (e.g., Buckley, Ellington, Forbes, Otis, Portland, Rickenbacker, Selfridge, and Duluth). There is program growth of $.3 million and price growth of −$1.3 million for this activity. The major program increase is for Contract Logistical Support of C-22A and C-12F aircraft (+$6.7 million).

The various program increases were offset by one-time costs incurred in fiscal year 1985 such as the C-22A refurbishment ($−4.3 million), completion of JT3D reengining (−$17.2 million), and Real Property Maintenance (−$6.4 million).

The following table shows manpower data for fiscal year 1984-86.

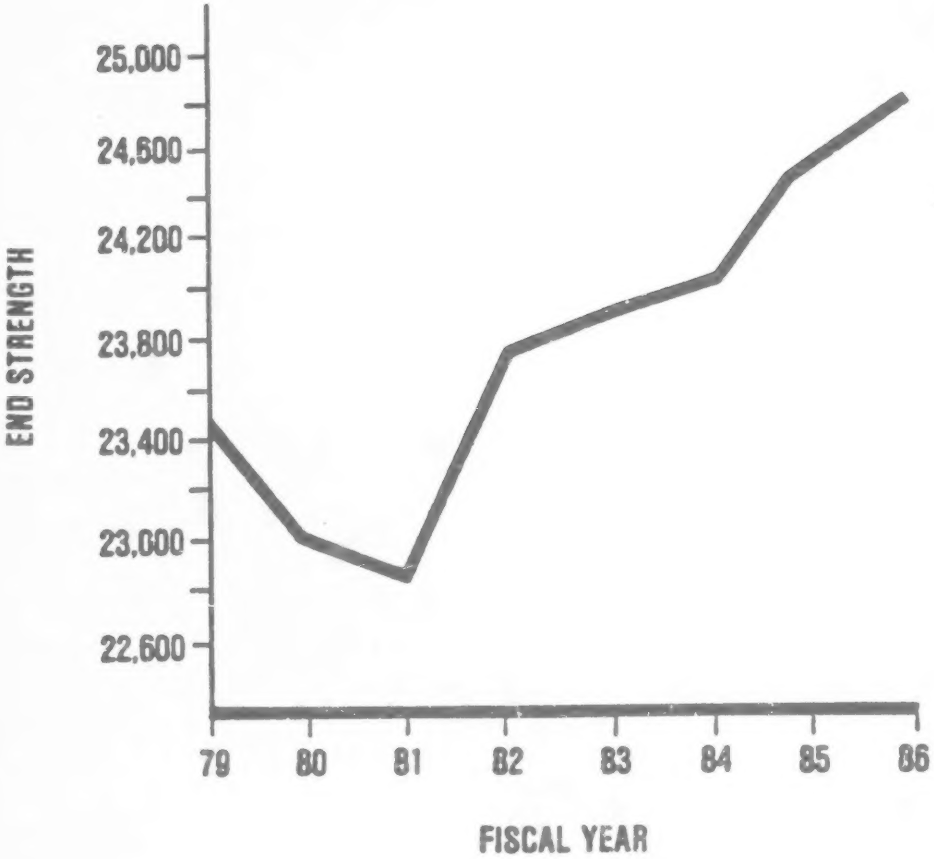
[End strength]

	Fiscal year— 1984	1985	1986
Military	105,012	107,690	110,859
Civilian	24,045	24,478	24,869

The increase in military end strength between fiscal year 1984 and fiscal year 1986 is driven by force structure changes, additional communications personnel, A-7 munitions, medical requirements, weather technicians, and the PRIME RIBS (Readiness In Base Services) mission.

The fluctuation in ANG civilian end strength from fiscal year 1979 to fiscal year 1986 shown in the next chart is due to increased manning requirements caused by increases in ANG missions and equipment.

CIVILIAN PERSONNEL
O&M, NATIONAL GUARD

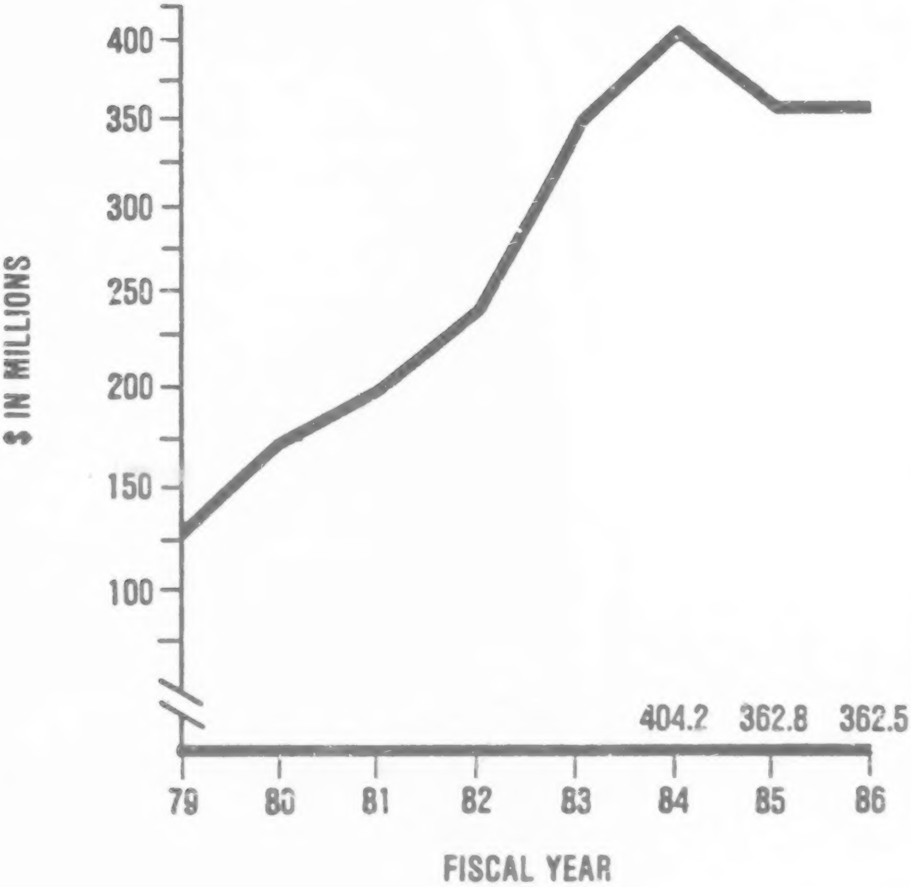


AIR NATIONAL GUARD FLYING UNITS

MDS	Fiscal year—		
	1984	1985	1986
A-7	14	14	14
A-10	5	5	5
C-130	19	19	19
EC-130	1	1	1
HC-130	2	2	2
F-4 (TAC)	14	15	13
F-4 (ADTAC)	6	7	7
F-15	—	—	1
F-16	1	1	2
F-106	5	4	4
KC-135	13	13	13
O-2	1	—	—
C-5	—	1	1
OA-37	3	3	3
RF-4	7	6	6
Total	91	91	91

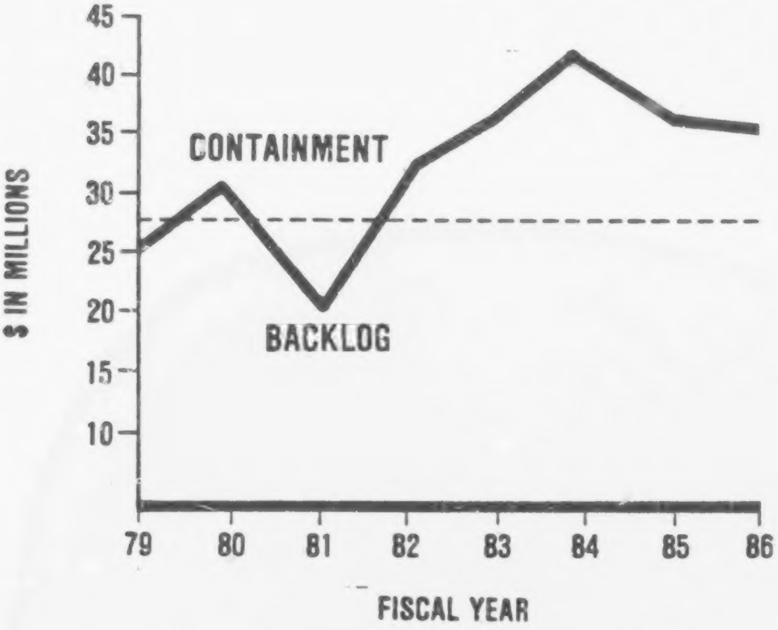
Depot maintenance costs have increased for the Air National Guard due to inflation and increasing sophistication and complexity of ANG aircraft. Growth since fiscal year 1979 is shown on the following chart:

DEPOT MAINTENANCE COSTS
O&M, AIR NATIONAL GUARD



The following chart shows the backlog of facility repair and maintenance since fiscal year 1979. The congressional "containment" goal is $28.3 million.

FACILITY MAINTENANCE & REPAIR BACKLOG
O&M, AIR NATIONAL GUARD



OPERATION AND MAINTENANCE, AIR FORCE RESERVE

The mission of the Air Force Reserve is to develop and maintain operationally ready combat units, mission support units and individuals that are available for active duty in time of war, national emergency, or other threats to our national security. To accomplish this mission, the Air Force Reserve conducts a comprehensive program of recruitment, training, and operations. The force structure consists of 36 equipped flying units, 18 non-equipped associate units flying C-141, C-9 and C-5 aircraft assigned to the Military Airlift Command, three non-equipped KC-10A associate tanker units assigned to the Strategic Air Command, and 172 mission support units.

Operation and Maintenance funding provides for the day-to-day operating expenses of Reserve bases and units, including pay of civilian personnel, aviation and ground fuels, depot maintenance, supplies, and other expenses required to carry out the Reserve mission.

The following table shows O&M, Air Force Reserve funding for fiscal year 1984-86:

[In thousands of dollars]

Budget activity	Fiscal year— 1984	1985	1986
Mission forces	$507,059	$518,262	$592,661
Depot maintenance	136,067	210,212	162,621
Other support	139,852	152,787	154,418
Total	782,978	881,261	907,700

The increase in funding requirements in fiscal year 1986 includes price growth of $29.0 million. Program increases are the result of a full year's operation of aircraft conversions that occurred in fiscal year 1985 plus additional mission changes in fiscal year 1986. Mission changes to enhance readiness and wartime capability occur in C-5 Strategic Airlift units (+$19.7 million); KC-10 Tanker Cargo (+11.4 million); C-141 Strategic Airlift (+$2.0 million); F-16 Tactical Fighters (+$1.2 million); A-10 Tactical Fighters (+$3.1 million); F-4 Tactical Fighters (+$2.6 million); and Civil Engineer, Aerial Port, Combat Logistic Support Squadrons, Aeromedical Evacuation and Medical Service Units (+$2.3 million). Depot maintenance program growth (+$8.3 million) is related to the addition of C-5, C-141 and C-130H aircraft to the Air Force Reserve inventory and increased structural repairs on the aging C-130 and F-4 fleets. Increased base operating support and real property maintenance requirements support the more modern aircraft inventory and the continued strength build in the Air Force Reserve (+$2.8 million). These increases have been offset by a one-time fiscal year 1985 congressional add to depot maintenance to reengine Air Force Reserve KC-135 aircraft with JT3D engines (−$56.0 million) and F-4 upgrade (−$1.0 million). The following table shows manpower data for fiscal year 1984, fiscal year 1985 and fiscal year 1986:

[End strength]

	Fiscal year— 1984	1985	1986
Reserve military	70,318	74,829	77,400
Civilian	12,297	12,853	13,545

The major changes between fiscal year 1985 and fiscal year 1986 are primarily the result of the increased force structure (C-5, C-141, KC-10), and readiness (aerial ports, civil engineering).

AIR FORCE RESERVE FLYING UNITS

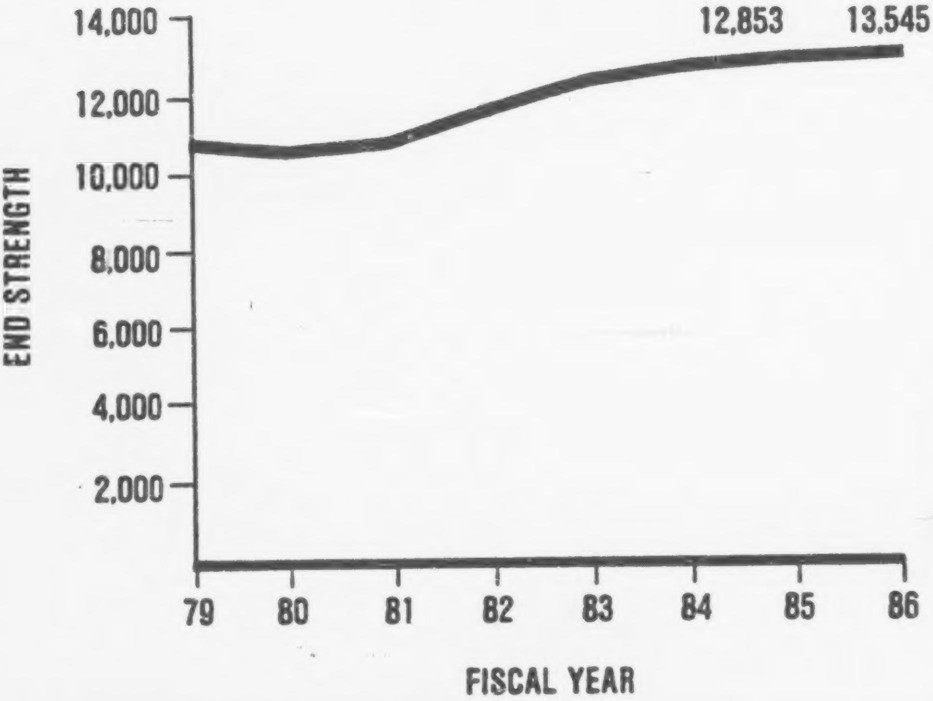
	Fiscal year— 1984	1985	1986
Flying squadrons:			
KC-135	3	3	3
C-130	15	15	14
WC-130	1	1	1
HH-1/UH-1	1	—	—
HC-130	1	—	—
HH-1/UH-1/HC-130	—	1	1
HH-3/HC-130	2	2	2
CH-3	1	1	1
AC-130	1	1	1
F-4	5	5	5
F-16	1	1	1
A-10	5	5	5
C-5	—	1	1
C-141	—	—	1

AIR FORCE RESERVE FLYING UNITS—Continued

	Fiscal year—		
	1984	1985	1986
Associate squadrons:			
C-141	13	13	13
C-5	4	4	4
C-9	1	1	1
KC-10	2	2	3
Total	56	56	57

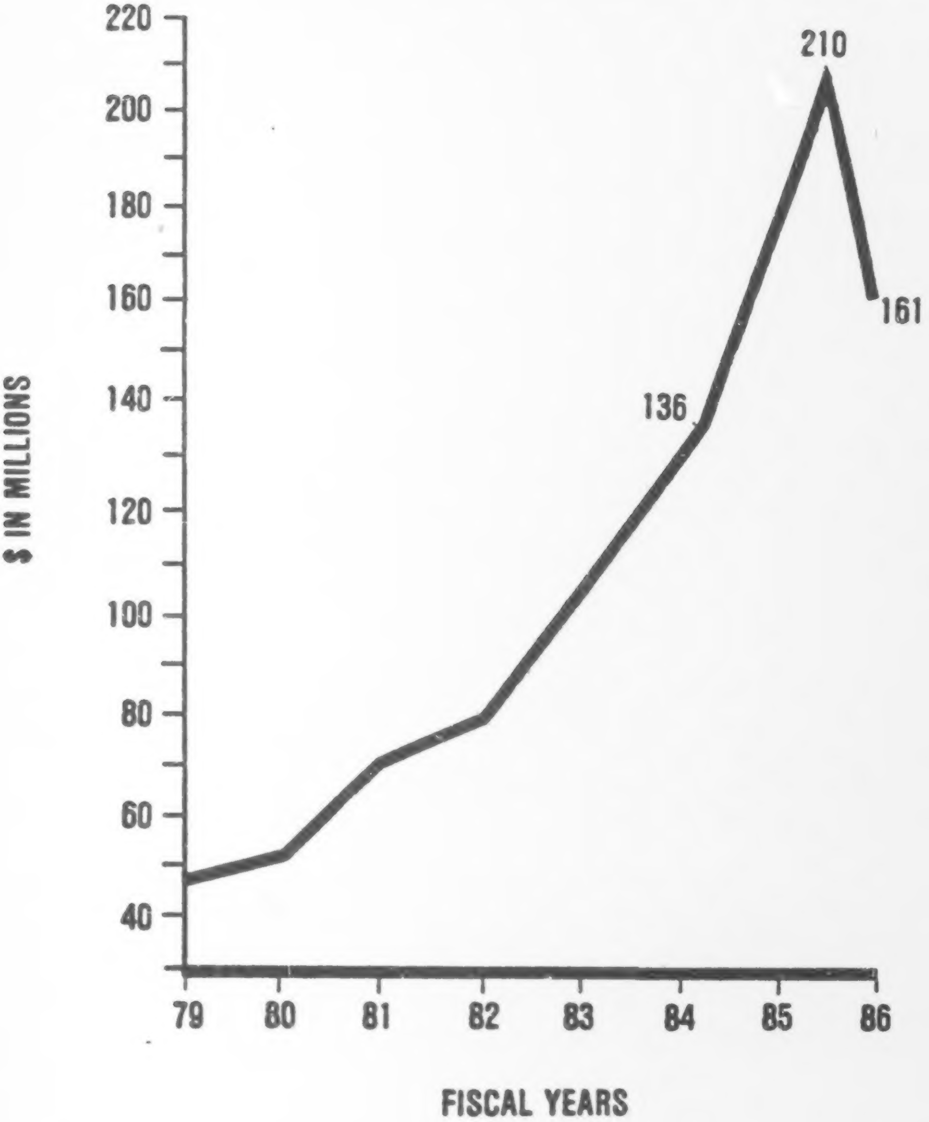
The following chart shows that the Air Force Reserve civilian end strength has grown slightly over the past 7 years.

CIVILIAN MANPOWER
O&M, AIR FORCE RESERVE



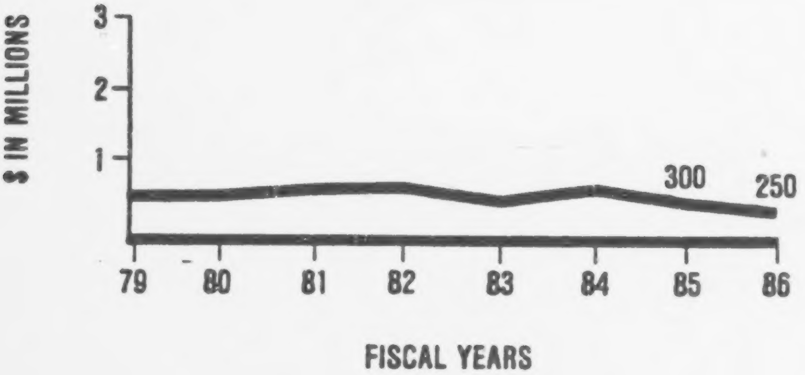
Depot maintenance costs have grown steadily since fiscal year 1979 because of inflation, the increasing number and sophistication of aircraft, and the increasing average aircraft age. The fiscal year 1985 peak represents congressionally added funds for JT3D reengining and F-4D upgrade.

DEPOT MAINTENANCE COSTS O&M, AIR FORCE RESERVE



The backlog of facility repair and maintenance has been reduced since fiscal year 1979, as shown in the following chart.

FACILITY MAINTENANCE & REPAIR BACKLOG O&M, AIR FORCE RESERVE



CONCLUSION

This concludes my overview of the fiscal year 1986 Air Force O&M budget requests. The fiscal year 1986 O&M budget is a carefully developed, austere estimate of the resources needed to support a balanced program of aircraft, flying hours, missiles, manpower levels, space programs, and base structure. Your approval is essential to operate and maintain a modern, well-trained and combat-ready force.

Thank you for your interest and support.

BACKLOG MAINTENANCE

Senator HUMPHREY. May we see that slide again on backlog maintenance? Let's start with that.

While they are searching, let's talk about it. According to the slide, as I recall—oh, there we go.

General WORRICK. No, that is the BMAR.

Senator HUMPHREY. That is the one I wanted. Now, are these facilities or depots?

General WORRICK. This is facilities.

Senator HUMPHREY. Let's look at this one for a while. Then I want to look at depot maintenance. Your people might be looking for that one on depot maintenance while we are talking about this.

Are you showing a leveling off of backlog in 1986 providing you get what you requested? Is that correct?

General WORRICK. Yes, sir. We are saying that between 1986 and 1987 it will not rise. We are rising from 1985 to 1986.

Senator HUMPHREY. Well, if this were now 1984 and we were sitting here a year ago, would we be looking at the same thing? I mean we always get these rosy predictions for the upcoming year. And then a year later when we look at the charts, as a rule we see that yet another increment of ascent has been added, and the leveling off and the descent is projected another year ahead.

Do you recall what you were forecasting?

General WORRICK. You would have seen a similar path.

Senator HUMPHREY. So it is sort of pie in sky projection.

General WORRICK. That is true, except that, sir, what we hope to do is to keep adding more and more to it. The principal thing is, as far as maintenance and repair goes, that buildings don't have catastrophic failures. So if you can stay within your manageable backlog which we have computed at 50 percent of what the new requirements are coming in each year, then we feel that you can properly—you are properly funded, and you may not get all the cracks in the road repaired this year, but you still have to keep that on record as being a requirement to get done.

Senator HUMPHREY. You say the manageable level of backlog is 50 percent of——

General WORRICK. Of the new requirements coming in. In other words, every year some buildings get a little older and therefore they will end up—the way the calculation is made, there is additional maintenance required to do that. This is a routine schedule. You take those new requirements plus the carryover that you did not get done the preceding year, and that makes up your total requirement.

Senator HUMPHREY. That seems like, if I understand it, that seems like a pretty rapid escalation of backlog. If you are willing to backlog 50 percent of the new requirement each year, that is a huge amount of backlog, isn't it?

General WORRICK. Well, you do not let 50 percent of it go into backlog, sir. You contain it. You take your 12 months' requirement, and you have no longer than 6 months on backlog at any given time. And what that says is that that will give you time to do the design and engineering work necessary to schedule it in.

Senator HUMPHREY. Well, what is the system of priorities? Apparently this is one of the accounts that always takes it on the chin after the appropriations have finally been made and the rosy prediction does not come true. This is apparently one of the accounts that is hit under those circumstances.

General WORRICK. Sir, as you recall, there is only—about 85 percent of our account is sort of fixed. There is very little flexibility in the O&M account to take on any increased program and that sort of thing. So in some respects you are right, but as I indicated, since you don't have catastrophic failures on buildings and roads and grounds, you can manage that and sometimes defer those easier than you can a mission that has to go today.

Senator HUMPHREY. Well, what this really comes down to is, are we digging ourselves back into the kind of ditch from which we have only recently emerged, where we put off maintenance and buildings went to hell, and that had an effect on preparedness and had an effect on morale, and facilities got shabby looking and so on?

Are we heading back in that direction?

General MARQUEZ. We do not think so. But may I address your previous question, your last question on priorities? In BMAR, our primary priority is to keep our runways and ramps up, and then of course our mission facilities up. And then of course you have a lot—it is a little bit dependent on the age of the facilities.

If you look at the demographics of our physical plants today, you find two high peaks, and one, of course, were the ones where the buildings were built in World War II, and now they are approaching the 40-year point. Not all of them have been phased out and replaced with new equipment, new plants. The other hump appears somewhere between the Korean War and Vietnam War where we have another hump. And those are now approaching the 20-year point.

So you see a demographic reaction or reaction in the requirement for facility maintenance, repair of structural, fix to runways, ramps and major facilities that kind of lags—rather mirrors the demographics about 20 years hence.

We are looking right now at one of those demographic peaks, and I was going over that very carefully with the staff yesterday. The answer to that, Mr. Chairman, is we are very, very concerned and aware of what happened to us before when we did have to defer this, and we are not going to let that occur again.

If you see the—if, based on the projections that we have now which are now based on an algorithm which would take the age of the plant, the physical abuse it has been subjected to, the mission demands on it, and I have got a much better projection idea of a level of effort, so to speak, that you must maintain to keep your physical plant well, and we think using that technique as well as the mechanics of reporting a backlog which are somewhat semantic and somewhat constrained by language which we deal with, so I think we believe that our projections here and our planned maintenance of physical plant will not permit us to get into that slide again.

I will also have to say, though, however, that in the priorities business, as we are with funding allocations, General Worrick did say buildings do not catastrophically fail; they just kind of get more shabby and shabby and then it costs more to fix them when you do get up to it. So in the overall priority sense of the Air Force, I could only say that future leadership would probably make the same decisions that past leadership did; that we could afford to hang on there, but we could not afford not to spend elsewhere.

Senator HUMPHREY. But you are reassuring us that we are not heading back into the same ditch that we got into?

General MARQUEZ. I can assure you that the funding profile we show there and what is in our program objective memorandum, the FYDP, does address that and ensures that we do not get into that slide.

Senator HUMPHREY. But the problem is that you never get all the money you ask for and after the appropriations phase, then it gets taken out of BMAR apparently.

General MARQUEZ. Well, I can't—let's see. You are right; we do not ever get everything we ask for. We predicate mainly the submissions we do in facility projects over here which have to be approved in some cases by the Military Construction Committees and so forth, based on our probability of acceptance if you will. So we know about that and we have it in our plans.

Senator HUMPHREY. Well, what is this chart going to look like next year at this time if the Congress affords no real growth in defense spending? Or even supposing the anticipated—or the 5-percent civilian pay cut on which your budget is predicated. Let's just focus on that. Supposing that is not enacted. What is this chart going to look like next year?

General **Marquez**. That is really hard to say, Mr. Chairman. I guess I would tell you again that if we have to absorb because that cut will not be enacted, if we have to absorb that, then we will have to take a very hard look at all the Air Force programs again and probably terminate some programs. I can't reassure you that this would not take a hit.

Senator **Humphrey**. Senator Dixon?

Senator **Dixon**. Thank you, Mr. Chairman.

PILOT RETENTION

First of all, I was pleased, of course, by the recent experiences on retention of pilots. I think the chart, if I recall it, showed improvement from about 40-percent retention to a high in 1983 and a drop now, but still about 72-percent retention. Was that right, General?

General **Marquez**. That is correct.

Senator **Dixon**. Now, I do note there, though, the first indication of some reduction in retention of your pilots which of course is a matter of grave concern to us. I wanted to ask several questions. First of all, is there still that experience of the pilots leaving for opportunities in commercial aviation?

General **Hamm**. Well, I think General Baker—we have Major General Tom Baker who is an old fighter pilot. He is now in Personnel, Director of Personnel Plans. I think he would like to answer that.

General **Baker**. I am probably best qualified to answer this. You are absolutely correct; we have peaked out in 1983. We experienced a decline in 1984, and that trend has continued today in 1985. It is not an exodus; yet, it is of some concern. That element that is leaving our rated force is the one that we saw in 1979, the strategic airlift part of our force, whose skills are very transferrable into the civil sector.

And there is some airline growth. Certainly Senator Humphrey is sensitive to that. At the beginning of the year, the industry was forecasting a growth or need of roughly 4,000 to 5,000 additional pilots. So that provides some opportunities to young men in the Air Force, and some of them choose that.

Senator **Dixon**. Now, if I could interrupt at that point. The Navy as you know, and I am sure you folks are very sensitive to it, has that very substantial gross sum. I do not recall the exact amount, something like $36,000.

General **Baker**. Yes, sir. They offer a bonus to a very select group of naval aviators to retain them in the service.

Senator **Dixon**. You do not have that?

General **Baker**. We do not have it; no, sir.

Senator **Dixon**. Is there a way we can get the comparative figures, Mr. Chairman, on that, since that has begun? I am trying to figure out whether there has been some marked decline in Navy experienced with reference to pilots leaving for civil aviation opportunities since they have inaugurated that.

General **Baker**. I don't have it, sir. I am sure the Navy could provide it. My comment would be that it has not been in being very long.

Senator **Dixon**. Only a few months. In most cases of people leaving, are they leaving for that reason—into commercial aviation?

General **Baker**. Sir, that is the reason that—and, of course, we make surveys of this. We inquire, why are you leaving the Air Force? And in most cases, it is that I am attracted into the civil sector, principally in the aviation.

Now, the facts are that after they leave the service, not as many enter that profession as intended. But that is the element that seems to attract them out.

CIVILIAN PAY CUT

Senator **Dixon**. Thank you. I wonder if I could pursue one question of the chair. He indicated some concern about your budgetary situation if the Congress does not pass that 5-percent civilian pay cut.

I think there is plenty of evidence there now that we will not. And that, of course, would have an impact on your budget. But I take it that you also have a net budget, the military pay raise that was contemplated by the administration. Do you know, General, what the figures are on each side? How much is contemplated in the budget as a savings by the 5-percent civilian employee cut, and how much is contemplated in the budget as an expense by virtue of the—what is it—3½ percent military pay raise for the Air Force? Do you have that?

General **Worrick**. I think the civilian pay would be $232 million. That would be the decrease if you were to restore it.

Senator **Dixon**. And on the military side, the pay cut, the pay increase of 3½ percent. What does that contemplate in increased cost?

Voice. Fourth quarter would be about $120 million, and for the entire fiscal year $520 million, or roughly $500 million.

Senator **Dixon**. That is about what the Navy told us, about twice as much.

General **Worrick**. That is the full year of 1986 if it were enacted in July of this year. That is 3 percent, sir.

Senator **Dixon**. I think it was maybe you, General Hamm, that was talking about some of these articles that appeared in the newspapers. I thought you did that very well and I thank you for it.

CANNIBALIZATION OF PLANE PARTS

Are you familiar with the February 28, 1985, article on page 19 of the Washington Post talking about cannibalization of the planes to keep the F-15's and F-16's flying?

General **Marquez**. I am very familiar with that article; yes, sir.

Senator **Dixon**. I wanted to give you a chance to clarify that in the record because there is at least sufficient knowledge of it that staff has called it to our attention, saying the Air Force has been breaking apart brand new airplane engines, bought for emergency use, to get the parts it needs to keep its F-15 and F-16 fighters flying. According to internal documents obtained by The Washington Post, this cannibalization is occurring even though Congress has appropriated billions and so forth.

And then further down, "The increased level of interest by Congress in the Air Force top brass and the spare parts shortage makes it imperative that we move ahead rapidly with corrective action," one message says.

And further down: "Over the last five years, Congress has appropriated about $2 billion to buy spare parts for the F100 engine in response to stories about first line fighters becoming 'hangar queens' for want of engine parts," and so forth.

And I would just like to give you an opportunity to respond to that in the record.

General **Marquez**. Yes, sir; I would be happy to respond to that. Well, first of all, the article was erroneous in several areas. We are not cannibalizing new engines. There is a certain amount of cannibalization going on. And that is kind of a fact of life. It has to do with the fact that we do not spare 100 percent, and we cannot afford that. Our sparing objective is 86 percent.

And the other thing is we do not have perfect distribution. You know, imperfect distribution. Sometimes people will cannibalize a part because it will get an airplane in the air and to that mission that day, and that is what the unit focuses on.

Overall, we are experiencing—the other part of the story is, to be fair, that we are experiencing some difficulties in the F100 engine. And that is not a new thing with that engine. We have had growth pains with that engine in the durability aspects which have created shortages in the past. But we are in good shape in engines.

We have approximately right now 87 spare F100 engines. Our sparing objective is 137, so we are a little bit short.

Let me digress if I may and tell you why we got into that difficulty. As you may recall, the newspaper articles that hit Washington about 2 years ago mainly reflected a lot of adverse publicity on our major manufacturer, Pratt & Whitney.

Pratt & Whitney makes the F100 engine. The resulting reforms which I discussed earlier and some of the directions that we received—the direction, of course, that the Department took to try to cure all of those things were mainly to concentrate on breaking out from the prime contractor, going to the original manufacturer, or breaking out into competition.

I think what we may have done, we may have been slightly overzealous in our efforts to break out and go out to new suppliers in an effort to solve that problem as quickly as possible. The result has been that in trying to qualify new suppliers, we have had some difficulties and some of our new suppliers have not been able to get qualified in time, and that has left us a sort of support gap there, if you will.

We started worrying about this last fall. The article that you see there was a result of documentation which my staff and I had had with the Logistics Command because we wanted to make sure that we were aware of the problem and that we were taking adequate steps to take care of it.

All those steps have been taken. We have reviewed the top 300 spare parts in the F100 engine that were causing problems or projected to cause problems. Every one of those has had corrective action taken against it. We are now in the process of awaiting delivery of the parts which had been under-forecasted as a result of perhaps technical changes or where we had suppliers who failed to measure up to the standards that we need in supplying these engine parts.

And we expect to turn that thing around and head straight up on a very steep slope in about August. So in summary, if I may, our problem was, yes, we may have broken out too aggressively, too fast; we had some problems with suppliers. We have hurried quite a bit to get caught up on that, and we have the situation well in hand.

Senator Dixon. I appreciate that response, and I wonder if you could give me a further written response to that article for my own file. But I take it, in sum, that what you have said is you are satisfied that you are addressing those problems. I get the impression that by August you will have that wholly solved, and you are not concerned about that as a meaningful——

General Marquez. It is a perturbation in our support posture. No question about that. I am totally satisfied that the corrective actions being taken care of by the Air Force Logistics Command and the depot at San Antonio are adequate and timely. Well, they are a little untimely, but they are adequate. And that yes, we have the situation well in hand, and it is a matter of awaiting delivery of some critical parts so that we can turn our repair lines up.

[Additional information follows:]

AIRCRAFT ENGINE SPARE PARTS/F100 ENGINE PROBLEMS

Although the information in the article is, for the most part, accurate, the inferences drawn are misleading. The article never addressed the problem with any perspective on past performance and improvements that have been made; never presented a balanced view of the problems and their causes; and, never addressed the significant overall improvement in F-15 and F-16 readiness and combat capability. We acknowledge that there are supportability problems with the engine that we have been working for some time. In fact, we formed a team in November 1984 to investigate and take action to solve those problems. Based upon these actions, and the lead time for hardware, we expect the situation to get worse, then begin to improve by August 1985, and be corrected by August 1986. The following paragraph-by-paragraph comments are provided in response to the Post article.

1. Cannibalization is an aircraft/engine management workaround to overcome parts shortages or to provide rapid response to an immediate demand (pressure to save a launch). Sources for these parts are spare engines, modules, or components which may be serviceable but most likely are in reparable condition themselves. We do not set aside "new" or old engines to fill war reserve stocks. Engines are constantly rotated as needed, flown, repaired and returned to serviceable conditions. Usage will vary from engine to engine, but as a practical matter, all but newly arrived engines will have some level of usage. While it may be possible that a "new" engine is cannibalized, the odds are small since the majority of equipment will receive some usage fairly quickly.

2. Cannibalization of the F100 engine for the F-15/F-16 aircraft is occurring due to a lack of spare parts. Spare parts shortages have been caused by several factors, only one of which is contractor delinquencies and defaults. Other causes for parts shortages include technical changes, acquisition process requirements, and management control

3 & 4. The Air Force established a Readiness Working Team in November 1984 to analyze reasons for the parts shortages and initiate corrective action. This was done to resolve the supportability problem for field units, not to prevent controversy over Pentagon procurement. The quote concerning increased congressional interest was a partial quote of a message to AFLC concerning scheduling an interim briefing of the F100 Readiness Working Team. It recognized recent inquiries from congressional staffers secondary to increased emphasis from top level Air Force management. The

criticality of F100 engine spares was well known prior to any congressional inquiry, and corrective actions were already underway.

5. The DOD Inspector General initiated an investigation of spare parts deliveries at the request of Senator Weicker's office. Our initial look at a 100 parts sample indicated that contractor delinquencies accounted for only a small portion of problems with these items (17%). We reserve judgment on the delinquency issue until completion of the DOD/IG investigation.

6. The source for engine cannibalizations is usually spare engines, a percentage of which are identified for wartime requirements. These engines are not necessarily "new," but are merely an identified percentage of total available engines.

7. The large disparity between the 1st Tactical Fighter Wing (TFW) cannibalization rate and that of the 388th TFW is due to two factors. First, the 1st TFW has a higher supply priority due to its rapid deployment force related tasking. Second, recent emphases by AFLC and TAC to improve visibility of F100 cannibalizations, compounded by heightened attention by a new 388 TFW management team (as a result of accidents/failures), have contributed to a disproportionately large number of reported cannibalization at the 388 TFW.

8. Fiscal 1981 and, to a smaller extent, 1982 funding shortages have influenced spare parts availability. The improved fiscal year 1983/84 funding is enhancing availability, but long lead times for procurement/production means that some of the parts funded during that period are fiscal year 1985/86 deliveries.

9. The figures were accurate at the time provided. Serviceable spare engine and modules (major sub-components of the engine) are currently below target serviceable levels for the engine and four of the six modules. However, F-15 and F-16 aircraft mission capable rates are high. We expect to fly our peacetime training program with available engines. Current wartime sortie capability is substantially improved over the last two years. However, while current readiness is not significantly degraded, we expect the situation to worsen until fiscal year 1984/85. At that time we expect corrective actions being taken will begin to restore our readiness posture.

10 and 11. Our analysis of problem parts indicate that problems associated with competition and breakout are one of several contributing factors to our current shortages. In our aggressive efforts to promote competition and reduce cost, we run the risk of encountering supplier difficulties. We believe that competition and breakout efforts must continue, so we have chartered an engine task group to find ways to minimize risk by finding better ways to do business.

Senator DIXON. If I could ask one more quick question—I see that my colleague from Ohio is here, Mr. Chairman. I did want to ask one more question, the same as the line that we pursued with your colleagues in the Navy when they were here the other day, on money that may be available in existing accounts.

You know, General, Marquez, if you go back and look at how Congress has cut the defense budget over the last 4 years, one of the areas where cuts have been made have been financing adjustments, lower inflation, lower fuel prices that are contract prices. Last year we saved $7.5 billion on these types of financing adjustments without any effect on our national defense posture.

AVAILABLE FUNDS DUE TO INFLATION ESTIMATES

Last year at the last minute in the conference on the fiscal year 1985 defense authorization bill, the Comptroller's Office said that they had suddenly over $1 billion in unanticipated savings in the accounts under this subcommittee's jurisdiction that could be used to meet the congressional reduction targets.

So my question is, General, should Congress remove all of that inflation dividend in your operations and maintenance and stock fund accounts in the final 1985 authorization and appropriation bills, or if not, how much of this inflation dividend was left in these accounts in fiscal year 1985, and what is being done with these funds?

General **Worrick**. Well, the bulk of the unused moneys, if you will, is not in the O&M or the stock fund accounts. There is some money in the stock fund accounts because of the nature of the stock fund. But that becomes dissipated as we change prices for the year. We set prices this year, and we pay at a stabilized rate.

As far as the inflation items, the answer to that question again for the operating accounts is yes, because the inflation that O&M gets for one year only this year is 4.3 percent, which is lower than it was last year, which was 4.8 percent. In the Military Personnel accounts it is pay raise. In the civilian pay, which is O&M, it is the pay raise at the time.

The fuel prices again are set by one of the stock funds, so in the O&M accounts you do not have what you would call an excess balance in the inflationary accounts. It happens just for that 1 year.

Now, if you overshoot or undershoot the mark on the prices that the stock funds are going to charge us, then, of course, that adjustment comes out again next year.

Senator **Dixon**. Well, to shorten this, because I do not want to pursue it further at this point in time, but if you do not mind, General Worrick, if you can get the appropriate person to direct the question to, I am going to ask staff to give you written questions concerning any funds that may be still available because of the inflation estimates. Also, if there are any funds still available from the passage of the so-called Mattingly amendment dealing with contract matters. And we will send you a written question on that. If you direct your response to the Chair and to me as the ranking member, I would appreciate that very much.

General **Worrick**. OK, sir. We will.

Senator **Dixon**. I thank the Chair.

Senator **Humphrey**. Senator Glenn?

Senator **Glenn**. Thank you, Mr. Chairman. I am sorry I could not be here, but we had multiple committee meetings this morning all scheduled at the same time, and so I have been over in a classified hearing over there and could just get here just now. So I apologize for not being here earlier.

A couple of questions for any of you there. Perhaps General Hamm might be the most appropriate to answer this on operations, and since it is 30 percent of the Air Force budget, 30–35 percent—what does your statement say?

General **Hamm**. O&M is about 21 percent. I am not sure what the breakout is that you are talking about.

MORE FLIGHT TIME SOUGHT

Senator **Glenn**. OK. "Quality training described above is contingent on our flying hour program receiving the fullest support. This is the largest of all Air Force training programs. It equates to 30 percent of the Air Force O&M budget."

General **Hamm**. Right.

Senator **Glenn**. OK. Which is a big ticket item, obviously. I would like to explore that just a little bit here.

I understood from your testimony a little while ago before I was here that you felt things were going very, very well in Air Force training. And having spent a good part of my life fighting for more flying hours every month, I hate to ask the question—I will cut my tongue out—but if things are going that well, why do you need more flight time?

General HAMM. Well, that is one of the dangers of painting a rosy picture, of course. The thrust of my pitch was that things are going better, which does not mean we are there yet. I think we have quite frankly turned the corner on readiness and sustainability and realistic training, but we need to keep the pressure on, and we need to increase our effort to continue to fly more. We are working toward longterm goals. As you know from your own experience, you cannot do that overnight. So we have got a slow progression, building our flying hours up to what we think is a better level, and we are not there yet in hardly any of our systems, but we are working to get there in the early 1990's.

Senator GLENN. Is this something—have you judged this system by system so you know about what the optimum would be?

General HAMM. Yes, sir. Very definitely.

SIMULATOR TRAINING

Senator GLENN. And how do you tailor this in with the simulators? Are they a major factor in this training program now? You cannot simulate everything. I am well aware of that.

General HAMM. You sure cannot, and you know a great deal about simulation. We got burned when we tried to substitute for flying in some areas. Instrument flying for the new guys, we found out you cannot simulate all of that in a simulator. You cannot simulate that you are about to die when you go into that cloud in the airplane. It is a different situation.

We are trying to supplement our flying training with a good simulator training, and we are using a lot of part task trainers. We find with the new avionics system a lot of it is playing the piccolo in the F-15 and F-16. A lot of that can be done in a less expensive part task trainer.

Senator GLENN. System management and things like that on any aircraft can be done just as well in a simulator as it can in a flight.

General HAMM. That is right. But it is supplemental training, not substitute training.

Senator GLENN. Are you asking for an increase in flying hours this year?

General HAMM. Yes, sir. I believe we go up 2½ percent.

General WORRICK. 78,000 hours.

Senator GLENN. How about funding for the simulators? Is that adequate? Are you asking for increases there also?

General HAMM. I am not sure exactly what that line is.

Senator GLENN. Could you get that for the record?

General HAMM. Yes.

[The information follows:]

FUNDING FOR SIMULATORS

The fiscal year 1986 RDT&E and procurement funding request for Flight Simulators and Other Training Equipment is $593.5 million compared to the $594.2 million appropriated in fiscal year 1985. The fiscal year 1986 request is considered adequate in the view of overall Air Force requirements.

General **Marquez**. Mr. Glenn, if I might add, what General Hamm is saying about a progression, we have had to restrain our requests for flying hours in years past simply because we did not have the spare parts to support that. We have acquired those now, and now we can get to that realistic training level that we would like to have for our air crews.

INCREASED FUNDING FOR REAL PROPERTY MAINTENANCE

Senator **Glenn**. General Marquez, the justification material for the fiscal 1986 Air Force budget shows a 9 percent increase in funding for real property maintenance, but an 11 percent increase in the size of the backlog of real property maintenance. Why is the backlog of real property maintenance growing so fast in the Air Force?

Oh, that has already been asked. OK. Forget that one.

How would you characterize the current war reserve inventories, a threat-oriented modern munitions? This has been one of continuing concern. We spend a lot of money, buy a lot of high-priced equipment, and then do not spend enough money to put the combat material on the weapons carrier. It is just so silly, and we see that in submarines, and I think to some extent in the Air Force and so on.

How would you assess the reserve inventories of war weapons?

General **Hamm**. General Hansen, do you want to take that?

General **Hansen**. Later on we have a full briefing on munitions, Senator Glenn, but actually, we made great improvements.

Senator **Glenn**. Would the Chairman rather wait until we get to that, then? I do not want to jump ahead of ourselves here in this set of questions.

Senator **Humphrey**. We have a problem in that we have a third group of witnesses.

Senator **Glenn**. Were you going to get into that later?

General **Hansen**. Yes, sir.

Senator **Glenn**. OK. We will hold that one for now.

LOW LEVEL LASER GUIDED BOMB

General Hansen, your statement indicates that the Secretary of the Air Force has terminated the low level laser-guided bomb to do increased unit costs. Are there any funds for this weapon in the 1986 program?

General **Hansen**. The answer is yes, and I was going to also address——

Senator **Glenn**. Oh, this is the next series also. OK. Fine. We will get into those later. Thank you very much.

Thank you, Mr. Chairman.

Senator **Humphrey**. Well, I am still focused on this backlog of maintenance. Looking at General Hansen's testimony, there is a chart in there, and his testimony seems to indicate that we have reduced the backlog in only 1 year since 1975 or something like that.

General **Marquez**. Are you speaking of the BMAR backlog or depot maintenance backlog?

BMAR FACILITIES MAINTENANCE

Senator **Humphrey**. Excuse me. General Worrick's testimony, speaking of facilities maintenance, BMAR.

General **Worrick**. Yes, sir.

Senator **Humphrey**. We have reduced it in only 1 year since 1975?

General **Worrick**. That is right. It was in 1981 or 1982, whatever my chart showed.

Senator **Humphrey**. It was 1981, looking at the chart on page 23-A.

General **Worrick**. I will probably stick my foot into it, but there is a tendency when you have a reporting system that there might be some optimism that creeps into the reporting system. Back in the years of 1978, 1979, and 1980 when it did not look like people were going to get any money anyway for BMAR, sometimes the full requirement would not be stated. As times changed and we got serious about fixing up the old buildings and what have you, the expectations rose somewhat; and we feel we cannot quantify it, but we feel that part of it is into why we identify a little bit more precisely maybe than we previously identified as BMAR.

There are a number of activities right now going on looking for ways to best measure what is an adequate BMAR, what should be included in BMAR, and it gets back to this thing I was talking about earlier about what is manageable. In other words, is the $300 million containment level that we all strive to get, is that really the best measure?

We have a number of study groups looking into that particular question. But to answer your question, yes, sir; that is the only year that we put more into it was in 1981; although to qualify or to comment once more on that item, when we get down to prioritization in the Air Force, it works both ways. If, during the execution year we find that we have been able to reduce expenses in some other area, then those dollars generally are put into the backlog of repair, and as a general rule, anywhere from $40 to $50 million each year generally migrates into that account.

Senator **Humphrey**. Well, the backlog has nearly doubled since 1980, and yet, you seem not to be terribly concerned about it.

General **Worrick**. Again, we get back to the question of fixing it right now. If we have a leaky roof that is falling on expensive equipment, we are going to do it right now. If the roof needs to be repaired, and we can repair it rather than do a complete—if we patch repair it rather than completely redo the whole roof, that is what we will do.

Senator **Humphrey**. OK. Depot maintenance, you are going to sustain a small increase in that backlog this year, is that correct?

General **Worrick**. Yes, sir.

Senator **Humphrey**. It is still a fairly small backlog, though.

General **Marquez**. Yes, sir; We have that backlog down to what we think is a very manageable level of $60 million this year, and in our budget projection for next year we expect to zero that out.

Senator **Humphrey**. So, that is good.

Let us look at page 1 of your full statement, General Worrick. You have some figures there on overall O&M for the Air Force.

What is it going to cost out of the O&M account if this 5 percent pay decrease is not enacted, civilian pay decrease?

General WORRICK. The total civilian pay was $232 million. Now, is that all in O&M Air Force? $232 million, sir.

Senator HUMPHREY. So, you are going to have an unanticipated increase in expenses of $232 million in the O&M account, if that pay cut is not made.

General WORRICK. If that is not covered by the appropriation bill, yes.

Senator HUMPHREY. And how will you cover that shortfall? Do you have any contingency plans?

General WORRICK. No, sir; as I indicated earlier, I do believe O&M is about 85 percent sort of fixed cost, and if we were to have to absorb a sizable reduction of that amount, I think I would have to—well, we just have to assess which weapon systems we are not going to field, and how we will bring our flying hours down if that is what we had to do.

Obviously, the things that would be impacted the most would be the real property maintenance we have been talking about. The depot maintenance backlog would probably grow. There would be other deferrals of maybe some comm equipment that we might be expecting to put in.

Senator HUMPHREY. Some what?

General WORRICK. Communications type equipment. It would have to come out of those things that are not fixed costs like the numbers of civilians and the numbers of flying hours, things that we must do to keep the readiness posture where we want it to be.

DECLINE IN AIR LIFT FORCES

Senator HUMPHREY. All right. Page 2 of your statement, again that group of figures showing for airlift forces a decline in O&M. Was that the situation where you explained you had——

General WORRICK. We used to subsidize for the C-5 not being allowed to carry a full cabin load, and that has gone away now. It goes completely out in 1987.

Senator HUMPHREY. What do you mean you subsidized?

General WORRICK. You fly it empty, you still have to pay for the operating and support cost of it.

Now, the C-5 is——

Senator HUMPHREY. Flying at reduced loads?

General WORRICK. Yes, sir; it is out of the industrial fund.

Senator HUMPHREY. So, this reflects a greater efficiency in the use of that aircraft?

General MARQUEZ. Yes; it was just not producing enough revenue because of an artificial restriction on load carrying.

FLYING HOURS PER CREW

Senator HUMPHREY. Flying hours, can we break that down into hours per crew?

General WORRICK. Yes, sir; I have that information here.

Senator HUMPHREY. Is that in the testimony you submitted?

General WORRICK. No, sir; it is not. I can give you the details, or I can give it to you by weapon system right now if you wish.

Senator HUMPHREY. I do not want it by weapon system. How about TAC and SAC? Do you have it that way?

General WORRICK. Yes; the SAC hours per crew per month weighted average is 18.1 in 1985 and 18.3 per crew per month in 1986. And the TAC forces, the weighted average is 19.1 hours per crew per month in 1985, and 19.4 in 1986.

Senator HUMPHREY. What do you mean weighted average?

General WORRICK. Taking all the weapons systems like the F-4, F-111, F-15, A-10, each of them vary a little bit per crew, so you weight them out, and they come out to the numbers I am giving you.

Senator HUMPHREY. Why do you not do a straight average? Why is it weighted?

General WORRICK. Because we are talking about the total number of tactical flying hours for tactical Air Force. For instance, the F-4 flies——

Senator HUMPHREY. Why do you not go through it by aircraft, if you will?

General WORRICK. OK. We will go back to strategic. If you wish, I can put this in the record.

The B-1—well, I don't have that one. The B-52 in 1985 is 20.6 in 1985 and 1986. That is hours per crew per month. The FB-111 is 16.4 in 1985 and 16.5 in 1986. The KC-135 is 17.1 hours in 1985 and 18 in 1986. The KC-10 goes from 16.9 in 1985 to 12.5 in 1986.

Senator HUMPHREY. Why is that?

General WORRICK. I knew you would probably ask that. It may be—I hope I do not have a typo there. I will have to provide that for the record, unless, General Hamm, can you make a stab at that?

General HAMM. No.

Senator HUMPHREY. Are you anticipating some substantial reduction in KC-10 operations?

General WORRICK. No; the only thing I can think of is——

General MARQUEZ. It is probably a typo.

General WORRICK. I will have to provide that one, sir.

[The information follows:]

TACTICAL FLYING HOURS

The figures provided by General Worrick are correct as currently computed. We do not expect any substantial reduction in the KC-10 program. However, the KC-10 flying hour program is under review, though no adjustments to the fiscal year 1986 flying hour program have been made at this time.

General WORRICK. On the tactical side—by the way, all of those were weighted for strategic forces. The weighted average for 1985 comes out to 18.1 and 18.3. In the TAF hours, the F-4 goes from 16.7 to 16.5 in 1986. The F-111 goes from 18.0 to 18.1. The F-15 goes from 19.0 to 19.2. The A-10 stays steady at 22.8 for both years, and the F-16 goes from 18.7 to 19.2, for an overall increase again from 19.1 to 19.4.

I have another one for MAC. Would you like to have that?

Senator HUMPHREY. Please.

General WORRICK. For Military Airlift Command, the C-5 goes from 14.8 to 14.9. The C-141 goes from 33.9 to 34, and the C-130 goes from 28.1 to 28.4. And the weighted average goes from 28.9 to 29.3.

Senator Humphrey. OK. So, there is a slight increase in all of these apparently, with some question about the KC-10.

General Worrick. Now, another measure of that is your sorties, and I do not have all of them, but the sorties determine the quality of training, the numbers of things that they do while they are on the number of sorties that they take for different types of missions.

Senator Humphrey. Has this——

General Worrick. That may be a reason for the KC-10. We have new crews in the KC-10. Maybe it has gone down for that reason, but I am just guessing.

Senator Humphrey. Has this uptrend been uninterrupted over the last few years? Are you now higher than you were in the preceding 3 or 4 years?

General Worrick. Yes, sir; I have the 1984 statistics.

Senator Humphrey. That is all right. I just wanted to be sure. What is your target?

General Worrick. Well, do you want to handle that?

General Marquez. Targets vary by weapons system. Generally we are looking at our tactical fighter pilots. We like to get them between 20 and 22 hours a month depending on the weapons system. And I believe shooting for about 19 to 20 on the strategic systems, and I am not sure about——

General Hamm. Thirty hours for the C-130, 35 for the 141.

General Marquez. We have a target for each and every aircraft, Mr. Chairman. It is a function sort of the numbers. We try to find the amount of peacetime training they need based on sorties, how many sorties they can fly. The sortie, then, that then depends on—is dependent on the average sorties length for whatever the mission is.

Obviously, if you are flying a fighter and the length is only an hour and a half, you need *X* number of sorties. If you are flying a C-5 that has a 12½-hour mission, there are too many variables in there. And then you consider the experience levels of the crews. The younger crews, you want to give them *X* amount of hours, and then you have your senior level guys. You can fly them about 10 or 12. So all of the variables are there.

And for categories of crews as well as categories of weapons systems and missions, we have definite targets that we know—we are pretty positive that we like to have as the optimum training we like them to receive. And we are slanting our training programs in that direction consistent with our ability to support that and still build up our war reserve stocks.

MEDICAL PERSONNEL

Senator Humphrey. What are the problems in the area of medical personnel?

General Worrick. I do not know if there are any problems in the area of personnel. The biggest problem we have been having in the medical area, sir, has been the funding. The prices of medical supplies, the pills and the actual operations, you know, the physicians, have really grown.

Now, one way that the Air Force has been trying to reduce cost in overall defense is since CHAMPUS costs for civilian care have risen so high, the Air Force has gone on a massive program to get higher utilization of each of their health physicians so that they can get more patients referred to them back to the base. If they can get patients referred to them and get the jobs done on the base, or the medical treatment taken care of on base, that saves CHAMPUS costs. And as a result of that, the medical costs in the Air Force have risen, but by the same token, the utilization space of the hospitals and the dispensaries that we have in the Air Force have been better utilized.

Senator HUMPHREY. You have no particularly worrisome shortage of doctors or nurses?

General WORRICK. You say do we have a shortage of them?

Senator HUMPHREY. Yes. That is what I was getting at.

General BAKER. No, sir. The answer to that is no, we do not. We have some specialties that we have difficulty in recruiting, like orthopedic surgeons, for example; but as a general statement, we do not have trouble recruiting medical personnel.

Senator HUMPHREY. Senator Glenn, do you have more questions?

Senator GLENN. I do not have any more, Mr. Chairman. Thank you.

Senator HUMPHREY. Thank you, gentlemen.

AMMUNITION

Senator DIXON. Mr. Chairman, I do have a general question, not of this group but with respect to the continuation of this hearing. I see we have about 9 minutes before the Armed Services Committee meets, and I have quite a few questions on the ammunition section. I do not see how we can do that justice in the time remaining, if the Chair will forgive me for making that suggestion.

Senator HUMPHREY. My intention is to just keep going, frankly.

Senator DIXON. Even after the committee meets at 11:30?

Senator HUMPHREY. As I understand it, they are going to handle it subcommittee by subcommittee and——

Senator DIXON. Could I explain to the chair my problem about that? I really feel like I have to be at that committee meeting, because my position may be different than the majority of people on the committee with respect to the bogeys we are going to adopt at the committee meeting. And my problem here is that I have specific questions concerning the next panel. I do not know how to solve that, and I do not know how the Chair can accommodate me, but I would be a little bit reluctant to stay in view of my overriding obligation on the whole duty as a member of the committee, and at the same time, I do have a specific problem with respect to the ammunition part of our subcommittee's work.

How does the chair see that I could solve that dilemma?

Senator HUMPHREY. The chair does not see a solution.

Senator DIXON. Thanks a lot.

Senator HUMPHREY. What we are going to do is move directly to the part of the hearing dealing with ammunition, and then come back to the Guard and the Reserve. Sorry for that change.

We would like Generals Hansen and Pihl to come to the table now.

General Pihl, will you begin, please?

Senator DIXON. General Pihl, would it bother you and General Hansen at all if I asked you some questions I would like to get in the record? I want to explain to you the dilemma we have is the usual dilemma of the Congress, as I am sure it is yours; that is, that we never have enough time to do the job as well as we would like to do it.

We have a meeting of the Armed Forces Committee in 5 minutes to determine the bogeys for the respective subcommittees, including this one; and I understand there will be more than one bogey. So we have more problems than enough, which I am sure you have as well. But I am just trying to make some record on some things that are of concern to me, and I wondered if you could help me with those real quickly for the record.

DIVAD AMMUNITION

First of all, on the Divad ammunition, General Pihl, could I ask you a question about that?

General PIHL. Yes, sir.

Senator DIXON. I notice in your prepared statement that your budget request includes $42.3 million for Divad gun ammunition.

General PIHL. That is correct.

Senator DIXON. If Congress or the Secretary of Defense decide not to provide any production funds for Divad in fiscal year 1986, will this $42.3 million for Divad ammunition still be required?

General PIHL. It will not, sir.

Senator DIXON. In other words, if we make a determination—and, of course, that is a question for, first of all, the Armed Services Committee and then for the Congress, but I am sure you are aware of the fact that there is some objection to the Divad at this stage of its development—if we would freeze option 3, as an example, and maybe even try to freeze temporarily option 2 until such time as those war simulated tests take place, and give you some money for research and development, possibly some money for putting Stingers on the Vulcans, your statement is this $42.3 million presently would not be needed?

General PIHL. That is correct, sir. We have ammo slightly ahead of the ORC, and we did that on purpose so that we would have enough ammunition to do the kind of testing that is being considered and the alternatives. If, in fact, you want to continue to stretch the ORC decision out, we would be able to accommodate that within the ammo account.

Senator DIXON. OK. I appreciate your candor in that regard, and I thank you for it.

Now, last year, General Pihl, last year this committee directed the Defense Department to accelerate its efforts to obtain a second source for the Air Force's combined effects munitions. We also asked DOD—and this is where the Army comes in—to look at the desirability of the facilitization of a second source for the load assembly and pack of the CEM. How is this study coming on, and when can we expect to receive that report?

General **Pihl**. Senator Dixon, the study will be forwarded to you on the first of April. It is now in the Secretariat of our Army being reviewed. We have to provide additional information and support data and confirm the estimates. As you know, we have made five estimates, five government operated—Government owned, contractually operated plans—Kansas, Joliet, and Milan—and two COCO's, contractually owned, contractually operated—that's Honeywell and Arrowjet. And at this point in time we will provide the recommendation in that study as it comes forward as to who the two sources will be.

Senator **Dixon**. And you are suggesting April 1 would be the date?

General **Pihl**. Yes.

Senator **Dixon**. Thank you.

EXPLOSION AT RADFORD ARMY AMMUNITION PLANT

May I ask this question as well? As I understand, there was a serious explosion at Radford Army Ammunition Plant in southwestern Virginia recently. What effect has this accident had on the Army's overall ammunition production capability, and how long will it be before the Army's ammunition capability is restored to the status quo after the explosion?

General **Pihl**. It is both goods news and bad news. You stated the bad news, that we are going to have to rebuild our nitro facility. You may recall 2 years ago we lost the B-line in nitroglycerin. Now we have lost the A-line. The B-line will be back up this summer, so that will put us back in business at Radford. In the meantime, we are taking extraordinary measures to ship double-based propellant up to Kenville, New Jersey at a contractual facility where we put the nitro. We take nitro cotton or nitro cellulose and we add to it the nitroglycerin up at the Kenville, New Jersey plant. We ship it back to Radford and add the nitroguanidine where we get double- and triple-based propellant.

In taking these extraordinary measures we have been able to keep our 120 and 105 tank lines moving, and we have taken measures to increase the number of prop charges that are being made using this propellant that includes nitro. It has stretched us during this past 60 days, but at this time we do not see any total impact on readiness.

Senator **Dixon**. What would be the impact of an explosion like the one at Radford at the single RDX-HMX production facility at Holston Army Ammunition Plant, if you know?

General **Pihl**. Catastrophic, sir, because the product that comes out of Holston is the ingredient that goes into all of our propellants and explosives.

Senator **Dixon**. That is an eloquent argument, I think, for having some second facility.

General **Pihl**. Absolutely.

RDX-HMX

Senator **Dixon**. How would you characterize our current production capacity for RDX-HMX?

General PIHL. Sir, right now in peacetime we can build up to 22 million pounds a month at Radford—I am sorry—at Holston, and one of our proposals is to do that, to increase our capability there. However, we have a 100-million pound requirement for mobilization. And therefore, if we were to mobilize, since it takes us longer to build chemical plants than it would to do metal parts or load, assemble and pack plants, we have presented a master plan to the Congress calling for a new HMX capability and one more RDX facility.

Senator DIXON. I understand that the Deputy Secretary, Mr. Taft, has written to this committee advising the Defense Department would like to reprogram the $33 million to begin stockpiling RDX-HMX that Congress denied last year.

Does not the annual DOD appropriations act prohibit the Defense Department from reprogramming funds for a program which has been specifically denied by the Congress?

General PIHL. Sir, the general provision—and I testified before other committees—as cited to me by the House Appropriations Committee, is a provision which we can request a relaxation of by the Congress. In fact, yes, it does prohibit it, it is my understanding; but we feel that the stockpiling requirement is a key ingredient to RDX plans. We would like to ask for an exception to that governmental rule.

Senator DIXON. General Pihl, last year Congress provided, as you know, $22 million for the Army to do feasibility and engineering studies of RDX-HMX production at four specific sites—at the Joliet Army Ammunition Plant, Alabama Army Ammunition Plant, Indiana Army Ammunition Plant, and Iowa Army Ammunition Plant.

May I ask you what the status of these studies is and how soon these studies will be completed?

General PIHL. Yes, sir. First of all I would like to make the point that we have followed the congressional direction with regard to RDX-HMX and are doing just what we were told to do.

Senator DIXON. I thank you for that.

General PIHL. We did not answer yet the House Appropriation Committee's questions, because at that time they asked for a site selection process. The leadership of the Army felt that site selection was a political decision that we would need congressional wisdom on, and so that happened in the mark that we got last year in joint appropriations conference.

We are now answering those questions, and they will be forwarded again on the first of April to the Hill so that we can get some money released that there is a string on. After that money is released, then we can do the cost and operational effectiveness analysis to determine which of the four plants you mentioned are the next in line to do RDX-HMX. And at that point in time we will be able to add the 1987, 1988 and 1989 pieces to what we already have pending—I am sorry, 1986, 1987 and 1988 pieces to what we already have appropriated.

Senator DIXON. Two more questions. And I want to thank the Chair for his very kind accommodation of my needs in this regard.

General Pihl, when is the earliest that RDX-HMX plant construction could begin at any of these four sites after the report is filed?

General PIHL. Sir, right now the earliest we will be able to start after design—and I will verify this for the record—would be 1988.

Senator DIXON. And finally, in your view, how many RDX-HMX production sites does the Army need to build to meet its mobilization requirements for RDX-HMX?

General PIHL. For mobilization at this point in time through the POM, sir, we need to build one HMX plant, one 4.5 million pound RDX plant, and then based on looking at the requirements for the use of TNT as a secondary filler rather than RDX, perhaps one more.

Senator DIXON. I want to thank you very much for accommodating me out of order like this and letting me ask these questions before you made your statement. It is very kind of you.

And again, I want to thank the Chair who has always been so accommodating for his permitting me to do this.

Senator HUMPHREY. General Pihl, will you lead off?

General PIHL. Yes, sir.

STATEMENT OF MAJ. GEN. DONALD S. PIHL, DIRECTOR, COMBAT SUPPORT SYSTEMS, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR RESEARCH, DEVELOPMENT, AND ACQUISITION, DEPARTMENT OF THE ARMY

General PIHL. I want to submit my slides for the record, sir. Are you pressed for time?

Senator HUMPHREY. Do you have printed copies?

General PIHL. Yes. And I have copies of my slides as well.

ARMY AMMUNITION

If I may, in the interest of time, Senator Humphrey, I am very pleased to be back before this committee. I was here last year, and I think I can sum up Army ammunition by doing two things. I would like to show you a 30-second film, and I would like to show you one chart.

Sir, you asked a question about the believability of VG ammo rates last year in the out-year tails. What are portrayed on this chart is the next column of the budget in the year that it was requested. And what I have shown here is that the 1983 column of the 1982 budget was $1.2 billion higher than the actual fiscal year 1983 budget and so forth. In 1984 we were at about $700 million higher in the budget projection for that year than we actually achieved, what we achieved then being the centerline.

The point I would like to make is we are now down to about $500 million in 1986 from our projection of what that was going to be in 1985, and if our POM holds up, that line next year will be drawn approximately here. The point I would like to leave with the committee is that is our trend line is coming down. As I told you last year, we are trying to stabilize Army ammunition. We are trying to understand what the business sense of that is so we can load, assemble and pack what is needed to kill our war-stopper needs in terms of readiness. The old days of putting up a billion dollars more than you expected to get will not be done in the future.

Now, that says to you, if you look at my charts in my opening statement, that we still do have some out-year spikes. Two things have to occur, in my opinion. One, we need to understand exactly what the requirements are against those spikes so that we know what 60 days up to 90 days of ammunition really buy us. Then to get those economies and efficiencies out of the ammunition base, we need to make sure that it is the business sense causing us to get our money's worth.

I am pleased to report to you today that the conventional ammunition working capital fund is leading all appropriations right now in terms of its rates of obligation, which is resulting in the Army getting the best value for our dollar.

REMOTELY PILOTED VEHICLE [RPV]

Sir, I would like to show you a quick film. This is the combination of the remotely piloted vehicle and Copperhead performing on a recent shot. Sir, this is the demonstration at Fort Huachuca on December 17. What you see is RPV flying off the launcher and the M-109 Howitzer firing Copperhead.

This is the RPV sensing the target, here is the laser spot on the target, and here is Copperhead hitting the tank. The purpose of this is to now tell you we have RPV, Aquila and Copperhead harnessed into one system, so the Copperhead is now working over its full range envelope beyond the 5 kilometer close combat range out to the full 16.4 range.

Senator HUMPHREY. That approached the target at a very flat angle.

General PIHL. Sir, it flies in and out, and that is the under flying out. It did come in low because this shot was fired at 6.3 kilometers. It would come in at a much higher attack angle if it were out at the full 16 kilometers.

Sir, that concludes my opening presentation.

[The prepared statement of General Pihl follows:]

PREPARED STATEMENT BY MAJ. GEN. DONALD S. PIHL, DIRECTOR, COMBAT SUPPORT SYSTEMS, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR RESEARCH, DEVELOPMENT, AND ACQUISITION, DEPARTMENT OF THE ARMY

Mr. Chairman and members of the subcommittee: It is a pleasure to appear before this subcommittee today to discuss the Army's ammunition program.

The fiscal year 1986 budget contains $2,635.0 million for procurement of ammunition hardware and support of the ammunition production base. This is a decrease of $11.3 million from our fiscal year 1985 appropriation, but an increase of $654.9 million over our fiscal year 1984 appropriation. Significantly, the fiscal year 1985 appropriation is $337.1 million greater than the amended fiscal year 1985 budget request of $2308.9 million. Comparison of our fiscal year 1986 request with prior year appropriated programs is as follows:

Fiscal year:	*Million*
1983	$2,115.4
1984	1,980.1
1985	2,646.3
1986	2,635.0

Before discussing this year's budget, I would like to briefly describe how the Army determines its ammunition budget.

The Army needs ammunition for both war reserve and training. War reserve requirements are based on computer calculations of ammunition consumption by appropriate force structures during different contingency scenarios. Precise quantities of ammunition needed for training are determined from carefully structured training strategies required to attain and maintain readiness. The total budget is then formed from the cost of that ammunition required for war reserve contingencies and that ammunition required to support high priority training for our soldiers.

The Army continues to emphasize buildup of war reserve inventories to support contingencies and maintenance of the active base until mobilization actions energize and expand the total base to provide the necessary sustained support. Measured in consumption days of supply, this budget will add several days of supply of war reserve stocks.

The fiscal year 1986 ammunition budget request consists of $2,266.6 million for hardware and $368.4 million for production base support.

AMMUNITION HARDWARE

Ammunition hardware provides for procurement of modern hardware, buildup of war reserve stocks toward the authorized acquisition objectives, and worldwide training consumption through the fiscal year 1986 funded delivery period. The hardware request is broken out into the following categories:

Category	*Millions*
Training	$719.2
War reserve	1,484.2
Nonhardware	63.2
Total	$2,266.6

War reserve funding is 65.5 percent of the ammunition hardware budget request, whereas funding in support of training is 31.7 percent.

The hardware request broken down by type is 30 percent for artillery, 18 percent for small arms, 18 percent for tank, 8 percent for propelling charges and fuzes, 6 percent for rockets, 6 percent for mortars, and 5 percent for mines. The remaining 9 percent is miscellaneous (atomic material, nonhardware, etc).

Type of ammo	Percent	Millions
Artillery	30	$676.9
Small arms	18	407.2
Tank	18	404.5
Propelling charges and fuzes	8	185.3
Rockets	6	145.0
Mortars	6	142.8
Mines	5	117.6
Miscellaneous	9	187.3
Total	100	2,266.6

Now let's address each one of these "types of ammunition" briefly.

Artillery

Almost all of the $676.9 million is essentially to provide a war reserve buildup of new, modernized 155mm artillery rounds.

The 155mm, HE, ICM, DP (high explosive, improved conventional munition, dual-purpose) projectile, at $299.8 million accounts for 44 percent of the funding requested for artillery ammunition. This is the improved round used against personnel, vehicles, and light armor.

$235.0 million, 35 percent of the artillery budget, is requested for the 155mm, HE, copperhead. This round is the Army's only precision guided projectile capable of destroying specific hardpoint targets, such as tanks, with a high probability of kill.

$71.6 million is requested for the 155mm RAAMS or "remote anti-armor mine system" projectile. $26.5 million is needed for the 155mm ADAM or "area denial artillery munition" projectile. These two artillery rounds can lay down a small minefield targeted either against personnel or armored targets, or against both.

$21.7 million is requested for the 155mm binary munition projectile. Binary chemical munitions provide for separation of two nonlethal components until the round is fired or launched. Mixing of the separate components to produce a lethal chemical agent occurs while the projectile is in flight to the target.

$16.3 million is requested for the 155mm, WP smoke screening round. The white phosphorous provides 5-10 minutes of ground screening smoke.

Small arms

$73.4 million is requested for 5.56mm ammunition. This includes ammo for the new squad automatic weapon system (SAW) and the M16A2 rifle. These 5.56mm bullets have a steel conical insert in the ogive which results in an increased range. The associated tracer round provides increased daylight signature and range.

$67.7 million is for 25mm ammunition in 3 configurations: (1) an HE incendiary tracer; (2) an armor piercing, discarding sabot tracer; and (3) a target practice tracer.

$42.3 million is requested for 40mm Sgt York/Divad gun ammunition in 2 configurations: (1) an HE proximity-fuzed round, and (2) a target practice round for training.

$29.8 million is requested for two types of 30mm ammunition; an HE dual purpose round, and a target practice cartridge. Both are used in the M230 gun system mounted on the AH-64 advanced attack helicopter.

Tank

The funds associated with 105mm tank war reserve and training ammunition requirements are for rounds fired from the main gun cannon mounted on tank models M1, M60, M60A1, M60A3, and M48A5. The budget also includes ammunition for the 120mm gun system on the M1A1 Abrams tank. The funds for war reserve procure armor-piercing, fin-stabilized, discarding sabot with tracer (APFSDS-T) and high explosive anti-tank, multi-purpose, tracer (HEAT-MP-T) rounds. The APFSDS-T cartridges, which have increased capability and reliability, will replace the older version of armor-piercing, discarding-sabot ammunition. APFSDS rounds are intended for use against armor targets. The HEAT-MP-T rounds are effective against both armor and fortifications. The training rounds are needed to support annual tank qualification/familiarization firing.

Propelling charges and fuzes

Propelling charges.—$125.5 million is requested for 155mm and 8-inch propelling charges in support of war reserve buildup and training requirements.

Fuzes.—Mechanical time fuzes are required to balance on-hand projectile assets at the end of the fiscal year 1986 funded delivery period. The mechanical time fuze program supports the new ICM/ADAM/RAAMS families of munitions.

Rockets

The funds requested support planned procurement of both the hydra 70 (2.75 inch) and the light weight multi-purpose rocket systems. Also included are procurement programs for the training rounds associated with each of these systems.

Mortars

Planned procurement of the improved 81mm cartridge is for the high explosive (HE), illumination, and smoke rounds. This improved ammunition is fired from the united kingdom mortar which is smoothbore and provides increased range, lethality, rate of fire, and stability over the U.S. M29A1 mortar.

Procurement of 4.2" mortar ammunition is for smoke and illumination rounds used in the M30 mortar. Funding supports both war reserve and training requirements.

This is the first formal budget submission to include the 120mm HE, illumination, and smoke rounds. This ammunition will support the Army's new heavy mortar system, providing increased range and lethality.

Mines

The fiscal year 1986 request includes the ground emplaced mine scattering system (GEMSS), the modular pack mine system (MOPMS), and volcano—a helicopter or ground dispensed mine system. All are scatterable mine systems and contain both antipersonnel and antitank mines. Also included are the training mines to support training on the gemss and volcano dispensing systems. In addition, this fiscal year 1986 request includes the mine clearing line charge (MICLIC) system, a rocket device designed to breach paths through enemy minefields and obstacles.

Miscellaneous

Nuclear materiel

$5.2 million is requested to provide nuclear weapons support materiel.

Nonhardware

Explosives and propellants at $33.3 million and components for renovation at $17.1 million are the major programs in this category. Funding for explosives and propellants is required to establish a stockpile to meet surge requirements during mobilization, and/or to allow continuation of ammunition production in the event of the catastrophic failure of an explosives/propellant line. Components for renovation funding provides for procurement of ammunition components required for renovation of unserviceable assets currently in the inventory.

AMMUNITION PRODUCTION BASE

The ammunition production base fiscal year 1986 program of $368.4 million has as its principal thrust the continuation of prior year initiatives. In accordance with Department of Defense guidance, the Army is emphasizing procurement of war reserve stocks and financing those production base projects needed to meet peacetime production requirements. The following summarizes our ammunition production base request.

	Millions
Provision of industrial facilities	$280.6
Layaway of industrial facilities	22.5
Components for prove-out	14.0
Jefferson proving ground modernization	2.0
Chemical demilitarization program	49.3
Total	368.4

The fiscal year 1986 budget includes $38.7 million to support production and replace equipment at 16 active ammunition production plants.

A total of $241.9 million is requested for initial production facilities and modernization and expansion projects, which establish the production base capability to produce modernized ammunition items. New production capability is being established or expanded for the combined effects munition (CEM), research department explosive/high melt explosive (RDX/HMX) based explosive and propellant manufacturing capabilities, 5.56mm ammunition, the 105mm APFSDS XM900 cartridge, and Bigeye chemical bomb munitions. These projects are needed to introduce these items into the DOD inventory to increase the readiness and effectiveness of our combat forces.

Three projects totaling $93.9 million provide facilities for chemical binary munitions. These facilities are included in support of the Navy Bigeye bomb; for fill, load, assemble, and pack at Pine Bluff Arsenal; a Bigeye metal parts facility at Marquart, California; and a facility for the manufacture of QL (a chemical component in binary munitions). Three projects totaling $55.2 million support the RDX/HMX modernization/expansion effort. Two projects are at holston AAP; one to modify, convert/reactivate RDX/HMX lines at a cost of $31.1 million; the second, for $4.1 million, is for productivity improvements. The third project, for $20.0 million, is for a Musall pilot plant. $32.0 million is to provide initial production facilities for the production of 105mm APFSDS XM900 cartridge. Three projects totaling $13.3 million support the 5.56mm facility at Lake City AAP. Improvements to the nitrocellulose purification facility at Radford AAP amount to $2.5 million. The balance of the program is made up of design funds for outyear projects and items less than $900,000.

The $22.5 million requested for layaway is for the protection and preservation of equipment and facilities no longer required for active production, but which must be retained for future or mobilization production.

This year three new lines were added to the production base support program. Components for prove-out (previously funded in activity 1) provides $14.0 million for checking out completed production facilities to assure (1) the manufacturer is capable of producing an acceptable end product, (2) the manufacturer's warranties are met, and (3) the facility is capable of producing at the design rate specified. Modernization of Jefferson Proving Ground test facility ($2.0 million) is part of an effort to modernize and upgrade existing test instrumentation required during production acceptance testing on Army ammunition and ammunition components. The third line, chemical demilitarization in the amount of $49.3 million, will be used to procure systems and equipment for the demilitarization of obsolete chemical munitions.

Our program does have some shortfalls, particularly in meeting our total training requirements. However, in the face of limited resources, we believe it is a balanced program that adds to our war reserve stock and provides the minimum assets for training.

Hardware summary

	Millions
Artillery ammunition:	
Cartridge, 75mm, blank	$2.8
Projectile, 155mm, HE, ICM, (DP)	299.8
Projectile, 155mm, HE, ADAM	26.5
Projectile, 155mm, HE, RAAMS	71.6
Projectile, 155mm, HE, Copperhead	235.0
Projectile, 155mm, WP, SMK screening	16.3
Chemical munitions	21.7
Primer, percussion	2.9
14.5mm subcaliber cartridge	.3
Total	676.9
Small arms ammunition:	
Cartridge, 5.56mm, all types	73.4
Cartridge, 7.62mm, all types	29.9
Caliber .22, all types	3.3
Caliber .38, special ball wadcutter	.2
Caliber .45, all types	3.2
Cartridge, 9mm ball	1.4
Caliber .50, all types	77.1
Cartridge, 20mm, all types	19.3
Cartridge, 30mm, all types	29.8
Cartridge, 25mm, all types	67.7
Cartridge, 40mm, all types	101.9
Total	407.2
Tank ammunition:	
Cartridge, 105mm, TP-T (target practice-tracer) [1]	51.2
Cartridge, 105mm, DS-TP, (discarding sabot-target practice) [2]	89.4
Cartridge, 105mm, APFSDS-T (armor piercing fin stabilized discarding Sabot-Tracer) [2] [1]	49.1
Cartridge, 105mm, HEAT (high explosive anti-tank) [2]	47.2
Cartridge, 120mm, TP-T [1]	29.6
Cartridge, 120mm, TPCSDS-T (target practice cone stabilized discarding Sabot-Tracer) [1]	29.7
Cartridge, 120mm, APFSDS-T [2]	59.7
Cartridge, 120mm HEAT [1]	27.3
Grenade, smoke screening (red phosphorous)	9.8
Grenade, smoke screening (infra-red)	11.5
Total	404.5
Training ammunition	(199.9)
War reserve ammunition	(183.3)

[1] Training.

[2] War reserve.

Propelling charges:	
Charge, PROP, 155mm	96.3
Charge, PROP, 8-inch	29.2
Total	125.5
Fuzes: fuze, mechanical time, super quick	59.8
Mortar ammunition:	
Cartridge, 81mm, improved (illum)	15.7
Cartridge, 81mm, improved (smoke)	12.4

Cartridge, 81mm, improved (HE)	31.7
Cartridge, 81mm, improved 1/10 range (TNG)	2.4
Cartridge, 4.2", smoke	6.7
Cartridge, 4.2", illum	27.3
Cartridge, 120mm HE with multi-option fuze	30.3
Cartridge, 120mm illum	4.0
Cartridge, 120mm smoke	11.2
Cartridge, subcaliber .22 practice charge	1.1
Total	142.8
Nuclear materiel: nuclear weapons support material	5.2
Other ammunition:	
Signals, all types	33.5
Demolition munitions	19.5
Simulators, all types	28.7
Hand grenades, all types	11.7
Nitroguanidine	25.0
Ammo 9ww/elt	1.7
Cartridge activated devices/percussion activated devices	.5
Total	120.6
Nonhardware:	
Explosives and propellants	33.3
Components for special tests	.4
Components for renovation	17.1
Spares and repair parts	1.0
Weapon components in support of ammunition proof and acceptance testing	2.9
Malfunction investigation	.9
USAMTU Fort Benning	.7
Ammunition peculiar equipment	5.2
Total	61.5
Hardware total	2,266.6
Mines:	
Ground emplaced mine scattering system (GEMSS) anti-personnel	14.5
Ground emplaced mine scattering system, anti-tank	26.5
Volcano mine, anti-personnel	5.0
Volcano mine, anti-tank	12.6
Volcano mine canister	4.1
Mine clearing line charge (MICLIC)	12.3
Mine clearing line charge (inert)	1.2
Rocket motor	5.4
Modular pack mine system (MOPMS)	36.0
Total	117.6
Rockets:	
Light weight multi-purpose system	107.6
Light weight multi-purpose system (trainer)	3.1
Hydra 70 rocket (2.75 inch), multi-purpose sub-munition	28.9
Hydra 70 rocket, multi-purpose sub-munition (practice)	5.4
Total	145.0

Production base support summary

	Millions
Provision of industrial facilities	**$280.6**
Layaway of industrial facilities	**22.5**
Components for prove-out	**14.0**
Jefferson Proving Ground modernization	**2.0**
Chemical demilitarization program	**49.3**
Prod base support total	**368.4**

FISCAL YEAR 1986 BUDGET

ACTIVITY	FY 84	FY 85	FY 86	FY 87
RDT&E	122.8	168.9	190.6	158.2
HARDWARE	1830.9	2365.7	2266.6	2593.2
PRODUCTION BASE	149.2	280.6	368.4	457.9

$ (000,000)

FISCAL YEAR 1986 AND PRIOR YEAR FUNDING PROFILE

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
BUDGET REQUEST	1513.5	2444.5	2639.0	2334.2	2494.0	2635.0
APPROPRIATION	1531.0	2322.6	2115.4	1980.1	2646.3	-
	+17.5	-121.9	-523.6	-354.1	+152.3	-

$ (000,000)

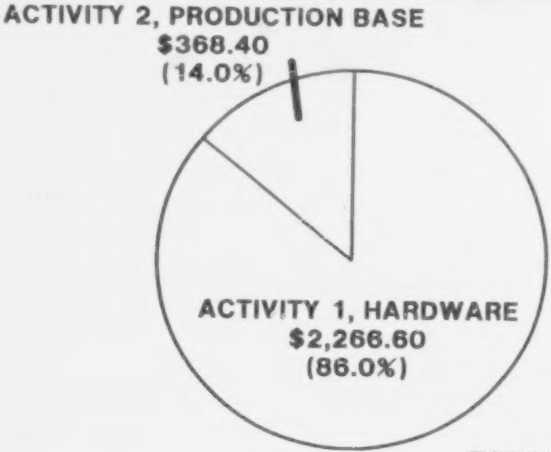
AMMUNITION OVERVIEW FY 1986 BUDGET

- FY 86 AMMUNITION BUDGET REQUEST
  - $2,635.0 MILLION ($2,266.6 HARDWARE + $368.4 PRODUCTION BASE)
  - FY 86 REQUEST REPRESENTS A 0.4% DECREASE FROM THE FY 85 APPROPRIATION ($2,635.0 VS $2,646.3)

- INCREASES READINESS
  - PROVIDES ADDITIONAL FUNDS FOR TRAINING AMMUNITION
  - INCREASES WAR RESERVE STOCKS
  - CONTAINS FUNDS FOR SMART MUNITIONS
  - MODERNIZATION/EXPANSION/MAINTENANCE OF THE PRODUCTION BASE

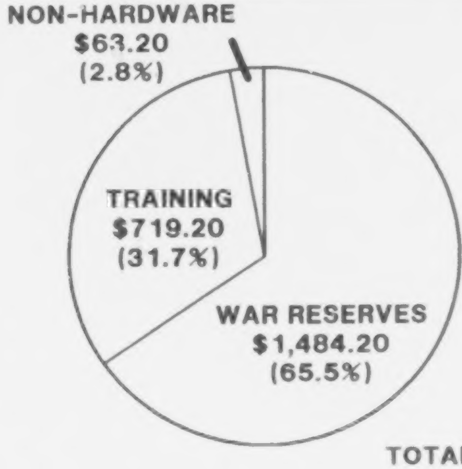
- BALANCED PROGRAM
  - AVAILABLE FUNDING
    - -- BALANCE MIX OF WAR RESERVE/TRAINING AMMO AND PRODUCTION BASE SUPPORT
    - -- MAINTAINS WARM PRODUCTION BASE OF KEY ITEMS
  - PROCUREMENT OF BOTH IMPROVED CONVENTIONAL MUNITIONS AND SMART MUNITIONS

FY86 PROCUREMENT OF AMMUNITION, ARMY ($ IN MILLIONS)



TOTAL: $2,635.00 (100%)

FY86 AMMUNITION ACTIVITY 1 BY MAJOR ELEMENT
($ IN MILLIONS)

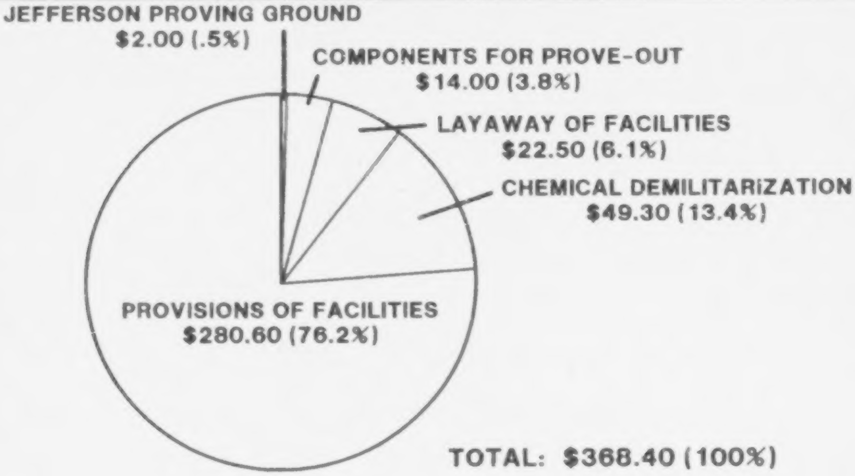


TOTAL: $2,266.60 (100%)

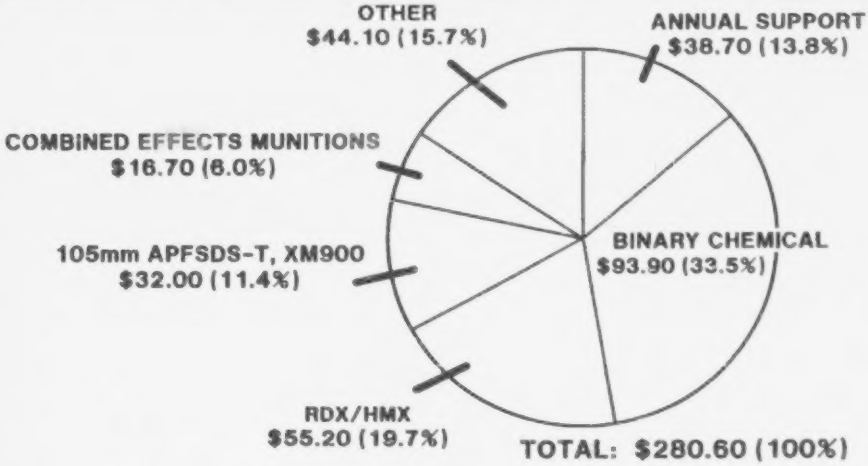
TRAINING AMMUNITION
($ IN MILLIONS)

	FY 84	FY 85	FY 86	FY 87
TRAINING UNIQUE	318.7	358.6	450.8	563.5
SERVICE ROUNDS	207.3	271.4	268.4	348.2
TOTAL FUNDED	526.0	630.0	719.2	911.7
EXPENDED	733.9	-	-	-
INVENTORY DRAWDOWN FROM WAR RESERVE	207.9	-	-	-

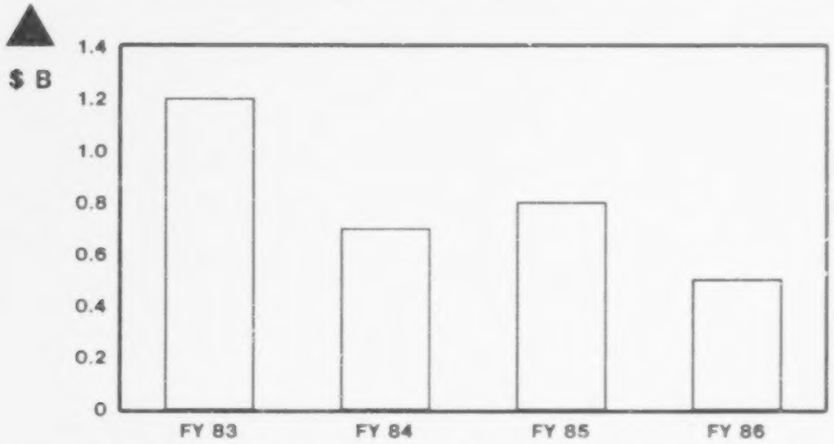
FY86 AMMUNITION ACTIVITY 2 BY BUDGET LINE ($ IN MILLIONS)



FY86 PROVISION OF INDUSTRIAL FACILITIES ($ IN MILLIONS)



NARROWING THE OUT YEAR GAP

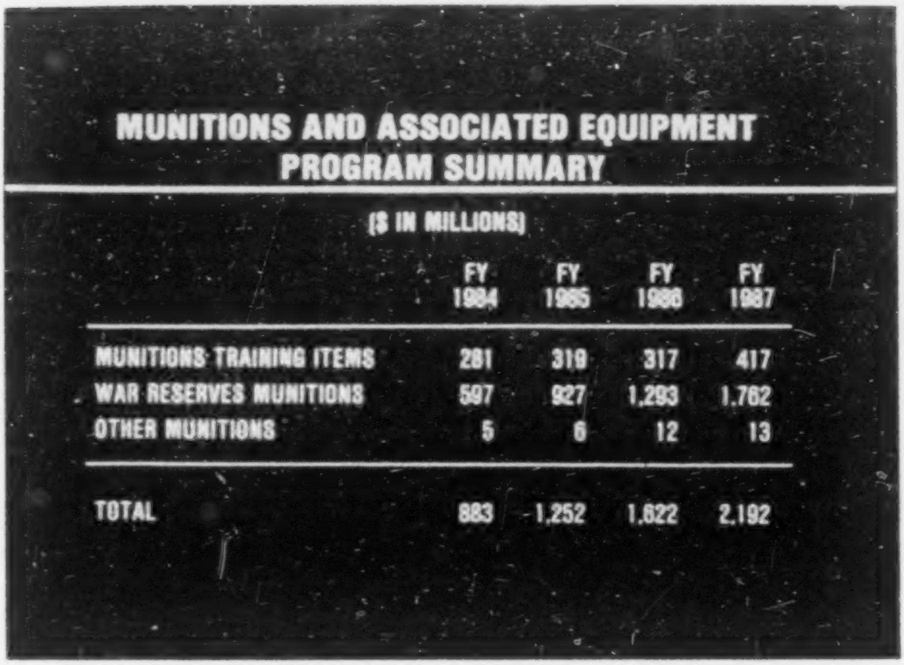


* BUDGET COLUMN IN PREVIOUS FY BUDGET LESS ACTUAL BUDGET E.G., FY 83 IN FY 82 BUDGET ($3.8B) - ACTUAL ($2.6B) = $1.2B

Senator HUMPHREY. All right, General Hansen.

STATEMENT OF MAJ. GEN. ALFRED G. HANSEN, DIRECTOR LOGISTICS PLANS AND PROGRAMS, DEPUTY CHIEF OF STAFF/LOGISTICS AND ENGINEERING, HEADQUARTERS, U.S. AIR FORCE

General HANSEN. I will do the same. I have a statement for the record, and I will also submit my slides. But I would like to just take you through a couple of key slides I think that you will find important.



MUNITIONS AND ASSOCIATED EQUIPMENT PROGRAM SUMMARY

($ IN MILLIONS)

	FY 1984	FY 1985	FY 1986	FY 1987
MUNITIONS TRAINING ITEMS	281	319	317	417
WAR RESERVES MUNITIONS	597	927	1,293	1.762
OTHER MUNITIONS	5	6	12	13
TOTAL	883	1,252	1,622	2,192

Basically, I am going to show you what the total Air Force program looks like. The important point that I would like to make is the same points I made last year when I spoke, that is the Air Force is into a total modernization program. As a result of prior funding we changed from procuring older weapons into procuring new, modern weapons. We are in the second phase of that modernization program now, and, of course, it extends on out. The ramp that we have is fiscally doable. It also meets the requirements of economic quantity production rates. As a matter of fact, we have already achieved some efficient rates in some of our munitions, particularly the 30 millimeter. We have been able to cut the 30 millimeter per round cost in half through the use of multiyear as well as economic order quantities.

FY 1986 REQUEST

(BY TYPE)

($ IN MILLIONS)

	FY 1984	FY 1985	FY 1986	FY 1987
RKTS & LAUNCHERS	6	16	31	40
CARTRIDGES	276	281	196	258
BOMBS	484	821	1,238	1,621
AERIAL TARGETS	—	1	9	14
OTHER ITEMS	72	82	61	143
FUZES	40	44	70	105
WEAPONS	5	7	17	11
TOTAL	883	1,252	1,622	2,192

This is the total program, all seven elements of the Air Force munitions program. Once again you can see the emphasis is in bombs. Now, it is more than just iron bombs, that we know from World War II. We have some sophisticated weaponry in there, the combined effects munition, we have the Gator mine and also a guided bomb.

Now, I would like to take you through those specific weapons without going through the rest of my slides. I have a lot of PR information in there to tell you how well we are meeting our weapon system requirements.

ACQUISITION PLANS

Long range planning:

Munitions acquisition plan: target; threat; attrition; and requirement.

Production:

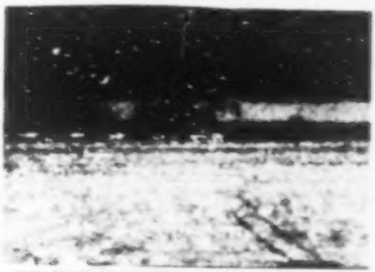
Integrated conventional ammunition procurement plan: quad service; total ammo acquisition; production base; multiyear/second source; and economic rates.

We are in the third year of our munitions acquisition plan. I have been involved with it through all 3 years and it is kind of exciting to see it come as far along as it has. Actually, as we test it with the forecast, we find out that we are right in the ballpark on it.

CBU-87 (CEM)

($ IN MILLIONS)

	FY 84	FY 85	FY 86	FY 87	FY 88 - FY 90	FY84 - FY 90 TOTAL
ITEM PROC	88.5	281.8	562.9	580.6	1,858.7	3,388.8
QUANTITY BUY	1,380	8,003	22,500	28,837	88,441	150,861



UNIT COST - $23,728
PROC BY AFSC/EGLIN
15% OF IO BY FY 86
WRM AND TRAINING

ANTIARMOR/ANTIMATERIAL CLUSTER BOMB

PRIMARY AIR FORCE AREA WEAPON

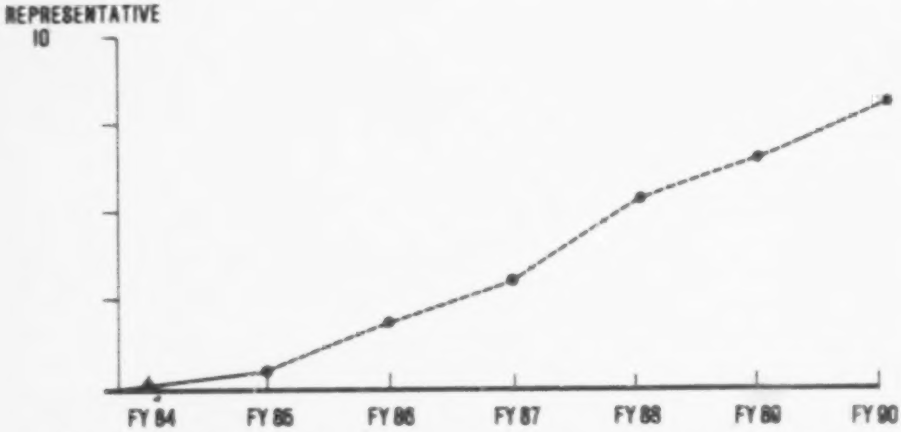
DUAL SOURCE COMPETITIVE
  SECOND SOURCE DEVELOPED TO PIECE PART LEVEL
  WARRANTED FROM PRIME SOURCES

MANUFACTURER - AEROJET, DOWNEY CA (PRIME)
HONEYWELL, MINNEAPOLIS MN (SECOND SOURCES)
MOTOROLA, SCOTTSDALE, AZ (SENSOR)
KANSAS AAP, PARSONS, KS (LAP)

This is a CBU-87 or the CEM. I have a short video clip also on it for about 8 or 10 minutes, but I will hold that and let you decide later if you want to see it.

Actually, more than likely one of our most effective weapons, it is very versatile. We can use it against armor, against personnel, and also against fuel storage. As a result of the versatility of it and its effectiveness, one-third of our budget is being put against the CEM. Still as you can see we are far from the objective. We are actually into the initial portion of it.

COMBINED EFFECTS MUNITION



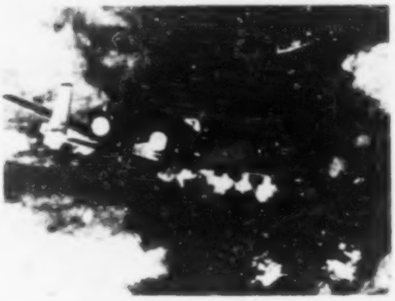
The next slide will show you the ramp that we have, the procurement profile. Once again, we have been very careful to make sure that we are realistic, that we do not have large spikes that end up with uneconomical procurement. This is very doable and meets the goals that we have for economic buys and also dual source competition.

CEM is one of the few weapons that we have under warranty. As a matter of fact, we blazed new ground in warranted systems with CEM, and we are holding the contractor accountable for 10 years life of that particular weapon system, which is a pretty substantial guarantee—$7 million liability for the first year, and it runs out to about $3 million in the tenth year.

30MM AMMUNITION

($ IN MILLIONS)

	FY 84	FY 85	FY 86	FY 87	FY 88 - FY 90	FY 84 - FY 90 TOTAL
ITEM PROC	185.1	204.2	131.0	138.7	469.5	1,128.5
QUANTITY BUY	12,970K	15,478K	11,185K	11,185K	33,455K	84,273K



UNIT COST - TP $10.82
- API $14.14

PROC BY - ARMY/SMCA

71% OF IO BY FY 86

WRM & TRAINING

DUAL SOURCE - COMPETITIVE

USED IN A-10

TWO TYPES - TRAINING (TP)
- ARMOR PIERCING INCENDIARY (API)

GFM HIGH EXPLOSIVES INCENDIARY (HEI) FROM PRIOR BUYS FOR COMBAT MIX

MANUFACTURER - AEROJET, DOWNEY CA
- HONEYWELL, MINNETONKA, MN

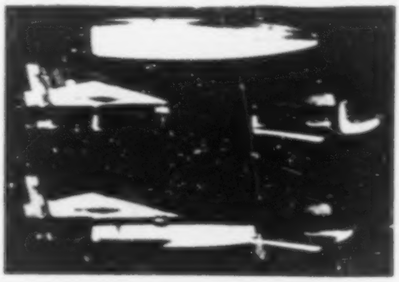
This is our 30 millimeter. I would like to go to Gator. Gator is also one of our larger programs. But first, on 30mm you can see the price for one round was $10. When we started out it was $16. We made some substantial reductions on it. As a result of that, we have been able to plow that money back into the 30 millimeter account and actually have a substantial overall cost reduction.

Gator is part of a family of mines that is used by all services, once again a very effective munition that is used against a threat, antiarmor plus antipersonnel. And once again we have got—in 1986 we have $202 million for that system.

GBU-15

(S IN MILLIONS)

	FY 84	FY 85	FY 86	FY 87	FY 88 - FY 90	FY84 - FY90 TOTAL
ITEM PROC	60.2	127.3	127.9	115.5	13.0	443.9
QUANTITY BUY	345	635	715	650	60	2,405



UNIT COST - $128,000 TV
- $166,000 IIR

PROC BY AFSC/EGLIN

52% OF IO BY FY 86

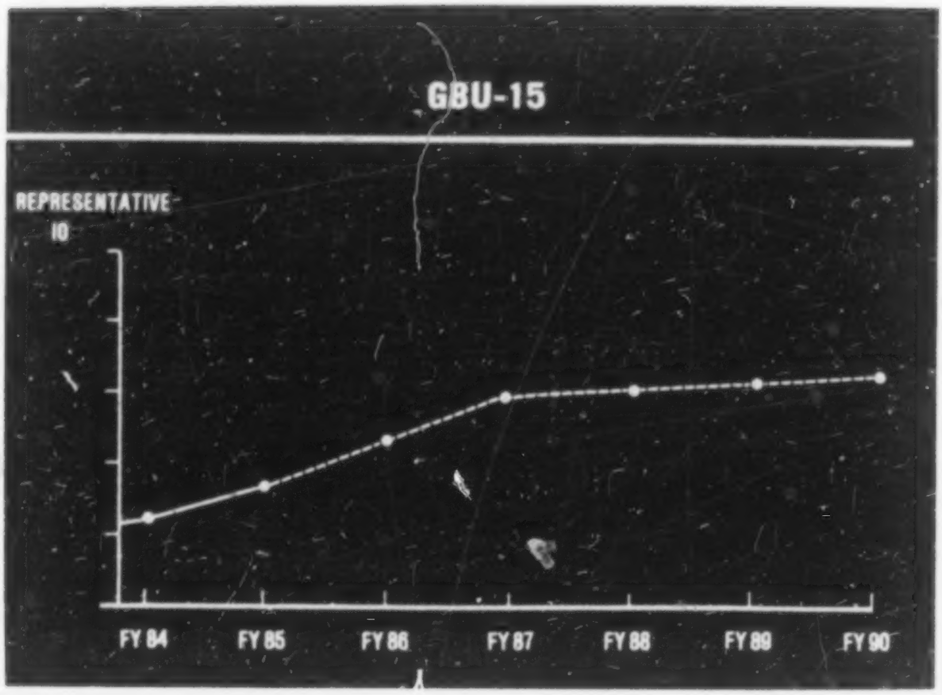
WRM AND TRAINING

PRECISION GUIDED MUNITION

PROCURES 185 TV AND 530 IIR IN FY 86

MANUFACTURER - ROCKWELL, NORCROSS, GA (PRIME)
- HUGHES MSG, TUCSON AZ (IIR MODULE)
- HUGHES ACFT, CULVER CITY CA (DATA LINK)

Next, the GBU-15. Senator Glenn asked a question about the LLLGB that Secretary Orr canceled out. We have $104 million in the 1986 request right now for LLLGB that Secretary Orr decided that because of the 40 percent increase in price that the Air Force would cancel that program, and we expect now to continue with the 1985 buy portion of it, which would give us about 5,000 of the LLLGB munitions.



However, there is $104 million right now that is for procurement in 1986 that could be either taken or applied against a weapon such as the CEM. If you extract that from our munitions budget, we will end up with a real growth of about 24 percent as opposed to 29 percent with the LLLGB.

This is the GBU-15 glide bomb that we have two versions of. It is both TV and also IR—a very important munition to us, it has great accuracy that we have been able to achieve with it against a variety of targets. That—well, let us take a look at the profile on that one.

Once again, all of our profiles I think are reasonable. I will not go through the rest of the slides other than to say that I think the Air Force munitions program is on solid ground, has good support within the Air Force senior leadership itself.

Senator Glenn also talked about the air-to-air munitions. That is not a part of this briefing. I would like to say that we have made tremendous improvements in that area, too. In the last 4 years we have had a fourfold increase in the availability of our air-to-air munitions, threat-oriented type munitions. We are able to fly 76 percent more sorties with optimum munitions, which is something that we had not been able to do in the past.

Defense guidance directs our systems to meet the enemy threat and we are on the track with that objective with profiles that are reasonable, as opposed to the big bow waves that we had 2 years ago when I first came in front of this committee.

And that is the end of this presentation.

[The prepared statement of General Hansen follows:]

PREPARED STATEMENT OF MAJ. GEN. ALFRED G. HANSEN, DIRECTOR LOGISTICS PLANS AND PROGRAMS, DEPUTY CHIEF OF STAFF/LOGISTICS AND ENGINEERING, HEADQUARTERS, U.S. AIR FORCE

Mr. Chairman and Members of the committee: I am pleased to be here today to present the Air Force request for Munitions and Associated Equipment for fiscal year 1986.

The Munitions Program is one of the four Budget Programs in the Other Procurement, Air Force Appropriation. It includes all munitions and related equipment purchased for the Air Force except for guided missiles, and includes funding for the total forces including Air National Guard and Air Force Reserves. The fiscal year 1986 request comprises 17% of the Other Procurement appropriation request. The program encompasses rockets; small arms and aircraft cannon ammunition; bomb ejection and engine starter cartridges; nuclear bomb support equipment; guided and unguided general purpose bombs; anti-armor, anti-material, and anti-personnel cluster munitions; air delivered mines; chemical munitions; explosively ejected chaff; infrared countermeasures and illumination flares; aircraft tow targets; bomb and dispenser fuzes; machine guns and grenade launchers; several types of demolition explosives; and the related specialized test and handling equipment. These items range from small arms ammunition costing pennies a round, to complex, precision guided bombs costing over $150,000 each.

The majority of the funding requested is needed to build war reserve material (WRM) stocks. The remainder is for peacetime training of air and ground crews. Over 90% of the training munitions funding is for aircrew training items to acquire and maintain combat readiness.

This year's request continues the initiatives begun 4 years ago to increase the availability of all training munitions and to modernize our munitions war reserve stockpiles to match the modernization of our force structure. The Congress has been most supportive in past years in helping the Air Force redress its munitions readiness and sustainability shortfalls. Now that we have the production base geared to producing larger quantities at lower unit prices, we ask that the Congress allow us to finish the job in an expeditious and efficient manner.

At this point, I would like to mention one program that has not worked out as well as we had hoped. As you know, the Secretary of the Air Force has terminated the Low Level Laser Guided Bomb (LLLGB) program due to increased unit costs. It was a tough decision, but one that had to be made in our continuing efforts to control procurement costs in light of our budget constraints. The Air Force will procure LLLGBs through FY 1985, but not beyond. All weapons procured will be the GBU-24, 2,000 pound version, of which approximately 5,000 will be delivered through the fiscal year 1985 funded delivery period. The GBU-24's will give the F-111 PAVE TACK aircraft a minimum capability for low level delivery of precision laser guided weapons. The program unit costs had increased an estimated 40 percent from $25,000 each to approximately $35,000 each. The unit cost increased for various reasons, but included budget reductions which stretched out the production ramp, delayed full rate production due to testing difficulties, reduced overall requirement quantities, and higher overhead and general and administrative contract costs.

The requests for training munitions provide for full funding of the budgeted aircrew and ground personnel training programs without recourse to drawing from WRM stocks. Procurement reflects programmed force structure; continued acquisition of modern, more effective weapons, such as the Combined Effects Munition; and the increased tempo of aircrew training programs planned for fiscal years 1987 and 1988 when these items will be delivered. A portion of the funds requested will go to support Air National Guard and Air Force Reserve training and are enumerated on the Exhibit P-1R.

The requests for WRM stocks are required to meet WRM procurement objectives and the maintenance of production lines as required by the Defense Guidance.

Our fiscal year 1986 request of $1,621.8 million is $369.9 million more than last year's appropriated budget. However, when the termination of the Low level Laser Guided Bomb is considered, it drops to $1,518.0 million for an increase of $266.1 million. This increase is due primarily to the planned, increased production levels of the French Durandal Airfield Attack Weapon, the Combined Effects Munition (CBU-87), the Gator Mine (CBU-89), and the initial procurement of the Bigeye Chemical Weapon. Our new systems have transitioned into full rate production, including dual competitive sourcing, for the CBU-87 CEM. These increases are essential to allow the Air Force to meet its peacetime readiness goals and its wartime sustainability taskings. Munitions procurements in this time frame are critical to balance sortie generation capabilities the Air Force has achieved with its prior force structure modernization and spare parts initiatives. Without the requested funding for fiscal year 1986 and through fiscal year 1990, the Air Force will fight any future war with a less than numerically adequate stockpile of older, and in some cases, marginally effective munitions. Without adequate quantities, the Air Force would be forced to make trade-off decisions in many cases between readiness training and wartime sustainability. These are "no win" tradeoffs. The force must be both ready and sustainable. The quantities funded by this year's request are also needed to reap the fullest benefits of prior year's investments in research and development, production base facilitization, competitive contracting initiatives, and economies of scale. Those investments and economies of scale have become very evident in the execution of our fiscal year 1983 and fiscal year 1984 budgets where in we have realized significant savings due to larger buys and higher rates of production. In all cases, these savings have been reapplied to buy increased quantities of munitions and to reduce the requirement in the outyears. Although the overall levels of sustainability are classified and therefore not included in this statement, it can be noted that the Air Force can now support 28,800 more tactical fighter sorties loaded with modern optimal munitions than it could two years ago. This year's request will add 3,940 more optimally loaded sorties and bring us somewhat closer to the Defense Guidance Tasking.

The Munitions and Associated Equipment Program is divided into seven major categories as indicated in Table 1.

TABLE 1.—MUNITIONS AND ASSOCIATED EQUIPMENT

[In millions of dollars]

	Fiscal year—		Delta
	1985	1986	1985-86
Rockets and launchers	16.3	30.6	+14.3
Cartridges	281.1	196.4	−84.7
Bombs	820.4	1,237.8	+417.4
Targets	0.9	8.7	+7.8
Other items	82.4	61.0	−21.4
Fuzes	44.0	70.3	+26.3
Other weapons	6.8	16.9	+10.1
Total	1,251.9	1,621.8	+369.9
Less LLLGB	1,251.9	1,518.0	+266.1

I will now discuss each of the seven categories in more detail:

ROCKETS AND LAUNCHERS

The funds requested in this category are for 2.75 inch rocket motors, ground-to-air missile simulators, and ground-to-ground training rockets. We are requesting 100,000 rocket motors for peacetime training of forward air control aircrews, missile simulators for training aircrews in reaction to surface-to-air missiles (SAMS), and 35mm training rockets for training weapon system security forces. All other procurements in this category are for items requiring less than $900,000 each.

CARTRIDGES

The cartridge category is comprised of small arms and aircraft cannon ammunition, grenade cartridges, explosively dispensed chaff cartridges, smoke cartridges, and stores ejection cartridges for aircraft pylons and bomb racks.

Small Arms Ammunition. The requests for small arms ammunition include 5.56mm ammunition for security police training and 9mm ammunition for handgun training. The 5.56mm ammunition is used in the M-16 rifle for security force personnel during their initial training, annual qualification training, and in annual exercises to maintain proficiency and provide realistic combat training. The 9mm ammunition is used to initially train and annually requalify personnel with their weapons.

Aircraft Cannon Ammunition. Funds to buy 30mm aircraft cannon ammunition are being requested for both aircrew training and to meet WRM requirements. The 30mm training is required for A-10 and GPU-5/A Gun Pod training while 30mm armor piercing incendiary is needed for war reserve stockpiles to support the A-10 aircraft and GPU-5/A Gun Pod. Procurement is through the Single Manager for Conventional Ammunition who intends to continue the dual source competitive contracting strategy so successful in prior years.

Grenade Cartridges. Training grenade cartridges (40mm) are required for qualification and recurring training of security force personnel who man grenade launchers in weapon system security roles. Grenade cartridges for the MK 19 grenade machine gun and the M203 grenade launcher are requested. Forty millimeter high explosive grenade ammunition is also required for training and to build our wartime stocks.

Chaff Cartridges. The RR-170 is used in the A-7, A-10, AC-130, F-4, F-15, F-16, HH-3, HH-53, and MC-130 aircraft to counter enemy radar directed threats. The chaff is fired by explosive squib from the ALE-40 and ALE-45 countermeasures dispensers. Over eighty percent of the chaff purchased will go into WRM stocks.

Engine Starter Cartridges. The MXU-4 A/A engine starter cartridges provide engine start capabilities for the B-52, F-106, F-4, F-111, and KC-135 aircraft when ground power units are unavailable or during alert launches. The requested funds are all for training and peacetime operations. Reduced KC-135 requirements, stemming from the reengining program, have been considered in the overall request.

BOMBS

Bombs, which is the largest category, includes general purpose bombs; anti-armor, anti-material, and anti-personnel cluster bombs; air delivered mines; guided bomb kits; practice bombs; chemical bombs; and associated components such as bomb fins and lugs.

2,000 lb High Explosive Bombs. This year's request continues procurement of the MK 84 general purpose bomb to restore our sustaining stocks depleted in past years by peacetime consumption and foreign military sales. It also provides for increasing requirements of war reserve stocks for F-16 aircraft entering the inventory. The MK 84 is still the preferred item for certain targets at certain stages of a war. The request also includes funds to purchase another 1,000 improved 2,000 lb bombs for use against certain hardened targets. The improved version has demonstrated great effectiveness on hardened targets that the MK 84 will not dent.

MK 82 and 84 Empty Bombs. This year's budget request again includes funds for MK 82/BDU-50 and MK 84 empty bombs for aircrew training. These bombs are filled with concrete to simulate the weight of an explosive weapon and are used to insure aircrews are familiar with the response of their aircraft during actual weapons delivery. They also provide inert bomb bodies for training launches of laser guided bomb kits. In the past, these bombs were filled at the using base to save transportation charges; however, the increased statutory load limits on interstate trucking have offset transportation savings, and it is now more cost effective to fill these bombs at Army ammunition plants. Air National Guard and Air Force Reserve requirements are included in the request.

Durandal. In the airfield attack role, Durandal still remains the best available runway cratering munition. The fiscal year 1986 quantities will be purchased directly from the French manufacturer, Matra. The Air Force's follow-on candidate to replace Durandal is the Boosted Kinetic Energy Penetrator (BKEP). Starting in fiscal year 1986 the Air Force has developmental funding requested to integrate BKEP into the AGM-130 and the Direct Airfield Attack Combined Munition (DAACM).

Timer Actuator Fin Fuze. This item, usually referred to as the TAFF, will be a new start in fiscal year 1986. Funds for a low rate initial production quantity of 2,000 are requested. The TAFF is a lanyard actuated, battery-powered, electro-explosive device that provides activation of fins and fuzing for high-drag bombs dropped from the bomb bays of B-1 and B-52 aircraft. It is required to delay fin opening and fuze initiation until the bomb is safely clear of the aircraft. It replaces the old arming wire and belly band techniques which were less reliable and a safety hazard to aircraft internal flight control mechanisms. Developmental Test and Evaluation and Initial Operational Test and Evaluation are scheduled for completion in fiscal year 1986.

Air Inflatable Retarders. The BSU-49 and BSU-50 air inflatable retarders are used to convert 500 and 2,000 pound general purpose bombs to a high drag configuration. These high drag general purpose bombs can be used at low altitudes and at high speeds. The BSU-49 fin is for 500 pound bombs, while the BSU-50 fin is for 2,000 pound bombs. This year's request is to provide another increment of WRM replacement stocks.

GBU-15. This year's request includes the final 185 television guided versions and 530 more of the imaging infrared versions of the guided GBU-15 weapons. It provides for another increment to our WRM stock level of this highly capable precision stand-off weapon. The GBU-15 is the most capable guided bomb available today. It provides the ability to either acquire the target before or after launch, providing unparalleled targeting flexibility. The data link, incorporated in the weapon system, allows the aircrew to update the designated target after release prior to impact. The GBU-15 will be used to attack the most heavily defended high priority targets where delivery of other weapons would require exposure of the aircraft to these defensive systems. TV guided weapons are planned for daytime attacks and imaging infrared guided weapons will be used at night and in some types of adverse weather. The AGM-130, a powered version of the GBU-15, is being developed for use against targets that require even greater standoff ranges than the GBU-15 can provide. When available, the AGM-130 will be procured in the Air Force Missile Appropriation.

Practice Bombs. The BDU-33, BDU-48 and MK 106 practice bombs are used as low cost simulators for general purpose bombs and nuclear weapons. These small practice bombs simulate the ballistics of the full-scale weapons at a fraction of their cost. They can be used on smaller ranges closer to our airfields, reducing training costs while providing accurate simulations for assessing aircrew delivery performance and tactics.

Gator Mines. Funding requests for this program have been reprofiled in line with slower production ramp build-up necessitated by the fiscal year 1985 congressional reduction. This year's request provides for a follow-on low rate production of 4,406 of the CBU-89 version of the Gator mine system. The Gator mines are members of the Family of Scatterable Mines (FASCAM) developed by the Army for use against armor columns. The Gator air delivered mines complement the Army's artillery delivered and mechanically implaced versions. The CBU-89 is a 750 pound tactical munitions dispenser filled with both anti-tank and anti-personnel mines that produce an air delivered minefield capable of channeling, delaying, disorganizing, or destroying armored columns. The anti-personnel mines are scattered among the anti-tank mines to delay mine clearance. The anti-tank mines are capable of penetrating the belly armor of currently deployed tanks. The CBU-89 has also been tested as an airbase closure weapon. It doubles the time required for recovery teams to repair cratered runways and can be used in combination with the Durandal to slow enemy sortie production. This and next year's planned procurement rates are based on prior year investments in Army facilities projects. Procurements at lower rates could increase unit prices depending upon the size of the final Army program and waste the investment we have made in these facilities.

Combined Effects Munition. The Combined Effects Munition (CEM) is a 1,000 pound class free fall cluster munition consisting of a Tactical Munitions Dispenser filled with 202 Combined Effects Bombs (CEBs). The dispenser spins up, following release from the delivery aircraft, and provides dispersion for the CEBs. The CEB contains a shaped charge for anti-armor effectiveness, a fragmentation case for use against materials or personnel, and a zirconium ring for incendiary effects. This year's CEM request is for 22,500 units and reflects the favorable price decrease resulting from the dual source competitive procurement strategy initiated by the Air Force and agreed to by the Congress. The second source is on line now and both sources will be at high rate production for fiscal year 1987. Procurement at this rate is necessary to meet minimum near-term goals for wartime sustainability, take advantage of dual source competition, and efficiently utilize our investment in Army facilitization projects and Air Force special purpose tooling for the CEM. This procurement marks a significant step toward converting our WRM stockpile to current technology weapons. The CEM is the most effective and cost efficient general purpose weapon in the inventory across a variety of target sets.

TARGETS

This category includes towed aerial targets and associated scoring systems used by aircrews to maintain air-to-air gunnery skills. The category also includes components and equipment to support the target systems.

Aerial Tow Target. This year's request includes funds to procure 365 Improved Aerial Gunnery Target Systems (IAGTS-36). The system consists of the tow target assembly, the visual augmentation assembly, the tow reel assembly, and associated support equipment. Since the last procurement of this system in fiscal year 1983, the reel-in capability has been added to increase the re-use factor of the system. The older systems had no reel-in capability and were dropped on the ranges for ground retrieval. Range location and terrain prevented recovery of many targets. A radar frequency scoring feature has replaced the older and less effective accoustical scoring system. The new feature projects the aim point aft over the visual augmentor, provides more accurate scoring and protects the more expensive tow target assembly, again improving the re-use factor for the target. The system can be flown as a cooperative target for initial aircrew familiarization as well as a highly maneuverable target for development of advanced gunnery skills.

OTHER ITEMS

This category includes infrared countermeasures flares, nuclear weapons trainers and parachutes, explosive chaff packages, the rapid munitions assembly system, spares and repair parts, and modifications of inservice equipment.

Infrared Countermeasure Flares. The MJU-2/B, MJU-7/B, and MJU-10/B infrared countermeasure flares are used to decoy air-to-air and surface-to-air heat seeking missiles away from aircraft. Each flare is designed to mask the heat or infrared signature of the associated aircraft long enough to decoy the missile and cause it to follow the flare rather than the aircraft. The MJU-7/B is used by the F-4 and F-16. The MJU-10/B flare is for the F-15. All these flares fit in the ALE-40 and ALE-45 modular chaff/flare dispensers fitted to these aircraft. The MJU-2/B is used with the internal chaff, flare, and photoflash dispenser in the RF-4C. Most countermeasure flares are being procured for WRM stocks, the remainder are for peacetime training. These items are critical to the survivability of our aircraft in a combat environment and have very high priority with our Chief of Staff and the combat commanders.

MC-3468 Retard Device. The request for MC-3468 parachute retardation devices for the B-83 weapon system provides parachutes and installation hardware for war reserve weapons and for periodic stockpile sampling. The MC-3468 is a large, high performance parachute designed specifically for B-83 application. The parachute system incorporates explosive deployment, a reefing action to provide a specifically tailored trajectory and final impact velocity to the bomb. This trajectory allows the weapon to be released at very low altitudes and high speed while providing stable ballistics and low impact velocity.

Rapid Munitions Assembly. The Rapid Munitions Assembly System is a modular, mobile kit of weapons handling and assembly equipment that can be rapidly assembled anywhere in the world to convert bomb assembly operations into an assembly line operation. The system can be airlifted on one standard munitions trailer. The system is assembled from off-the-shelf components and is powered by a standard Air Force portable air compressor. It includes A-frame hoists and conveyor roller sets to automate bomb build-up, fuzing, and bomb rack preloading operations. The Rapid Munitions Assembly System is a mobile version of the large preload facilities used in Southeast Asia during the Vietnam conflict and is similar to the simple equipment used by other Air Forces to speed aircraft turnarounds in combat. We have requested funding to procure 46 systems in fiscal year 1986.

Spares and Repair Parts. The spares and repair parts requested are for an initial stock of spare parts for weapons, specialized test sets, and handling equipment being requested this year and for replenishment spare parts stocks for items procured in prior years.

Modifications. Funds requested for modifications to in-service equipment are primarily required to update nuclear training weapons to the latest service configurations. These modifications are required to provide realistic training equipment for maintenance and loading personnel.

FUZES

Items in this category are fuzes for those munitions whose fuzes are not procured with the parent weapon as part of a complete round. The fuzes provide varying delivery and detonation options, primarily for general purpose bombs.

FMU-130. This item is a new start in fiscal year 1986. The FMU-130 is a mechanical impact instantaneous or impact short delay fuze designed for use in low drag general purpose bombs. It is a replacement for the M904 and M905 fuzes and is designed for high rate wartime bomb assembly operations. It is also designed for high speed release. Funds are requested for the low-rate initial production of 10,500 fuzes.

FMU-112/139. The FMU-139 common bomb fuze is a joint service (Navy/Air Force) fuze. The Navy has completed testing and has started production. The Air Force testing beyond the Navy envelope will be completed in Initial Operational Test and Evaluation, which begins in March 1985, and a production decision will be made by this summer. This year's request is for 75,000 fuzes and is an incremental step to full rate production following last year's request. There are no plans to procure FMU-112 fuzes as long as the FMU-139 production decision remains on track.

OTHER WEAPONS

The other weapons category includes handguns, machine guns, and grenade launchers. This year's request reflects the continuation of the programs initiated last year to improve the capabilities of our weapon system security forces in response to increased terrorist threats and to replace current handguns with a standardized 9mm pistol.

Weapon System Security and Ground Launched Cruise Missile Defense Weapons. The 1,314 M203 40mm grenade launchers, 1,259 M60 machine guns, and the 499 MK 19 Mod 3 40mm grenade machine guns provide the high volume and suppressing fire coverage for Air Force security forces defending overseas airbases and nuclear weapons storage facilities. These weapons are part of the overall program to improve the equipment for these forces to defend against terrorist attacks or lightly armed military forces likely to threaten rear areas in a general war. In addition, 2,917 GAU-5 machine guns are requested for special operations forces and combat controllers.

9mm Handguns. The 19,000 9mm handguns requested are the third year's planned procurement for the Air Force of the joint service common handgun. The Army was the lead service in selecting a standard 9mm handgun for use by all services. The final selection was the 9mm Beretta, to be manufactured under license in Beretta's Maryland plant.

The Munitions and Associated Equipment Program is a keystone of the Air Force effort to increase the readiness of our combat forces from the low levels following Vietnam. It provides for a rapid, but prudent growth of our WRM stockpile to sustain our tactical forces in combat using modern, effective weapons necessary to meet current and near term future threats to our national security. Without adequate munitions stocks, the dollars spent in building force structure and in equipping and maintaining existing forces will have been largely wasted, since our forces will have to fight with too few modern munitions and with insufficient training to make full use of their capabilities. The requirement for sustaining stocks of modern munitions and the training munitions necessary to develop and maintain the capability to employ these weapons and their delivery systems is paramount to our combat capability. As highlighted by the Secretary and Chief of Staff in this year's USAF posture statement to the Congress, continued improvements to the readiness and sustainability of general purpose forces is a top priority in Air Force planned improvements to combat capability. Each item in this request is required to meet a specific goal and each is a part of the best combination we could find to meet the objective of maximum effectiveness at the minimum cost. We have spent many months agonizing over the tough decisions necessary in formulating this program. Some say, wait for new technology to provide less expensive or more effective answers; other say, buy more of what is available today. The program we have presented to you is neither of these extremes; it provides a balance of new technology and maintains the production base for current munitions in the most prudent program we could devise backed by the most rigorous and sophisticated analysis of all the needs that must be met.

Mr. Chairman, this concludes my formal statement.

Senator HUMPHREY. All right. Thank you.

I think under the circumstances we will submit our questions in writing in order to save time.

Thank you very much.

General PIHL. Thank you, Mr. Chairman

Senator HUMPHREY. All right. General Conaway would you start off, please?

STATEMENT OF MAJ. GEN. JOHN B. CONAWAY, DIRECTOR, AIR NATIONAL GUARD, U.S. AIR FORCE

General CONAWAY. Sir, I will make mine very brief. I have a prepared statement for the record.

I want to thank you and the committee for all of your strong support. I am sorry that Senators Dixon and Glenn have left, because one of the great things this committee has done, and you have been the main person who has done that, is helped us in reengining our KC-135's in the Air National Guard. And all three of you have Air National Guard KC-135 units in your States reengined already with the JT3D engines, and we appreciate that.

Our strength today is over 106,000 people. We are asking to go to 111,000. It is all programmatic, driven by more aircraft. We have over 1,700 aircraft in the Air Guard. We have an increase in flying time of a little over 10,000 hours, but that is tied to more missions and more aircraft that we are receiving.

We have a high state of readiness of over 98 percent and have a lot of new aircraft and later model aircraft coming in like the F-15's and F-16's, some new C-130H's, which you all have appropriated for us, as well as C-5's and C-141s for the first time coming organically into the Air Guard. This is our first return to strategic airlift since 1975.

I will stop with that, sir. And I appreciate your strong support of the Air Guard to retain our highest level of strength as well as our highest state of readiness. We will answer any questions you may have.

[The prepared statement of General Conaway follows:]

PREPARED STATEMENT OF MAJ. GEN. JOHN B. CONAWAY, DIRECTOR, AIR NATIONAL GUARD, U.S. AIR FORCE

AIR NATIONAL GUARD

Introduction

The Air Guard has once again achieved its highest readiness level in history and has attained a new high in manning with over 105,000 men and women deeply committed to performance of both a State and Federal mission.

The State mission of the Air National Guard is to provide organized, trained and equipped units and personnel to respond to requests from State authorities, during periods of emergency to protect life and property, and to preserve peace, order and public safety. During Calendar Year 1984, personnel of the Air National Guard were called up 60 times to provide emergency assistance to civil authorities in various emergency and support operations. These missions involved over 600 personnel using almost 2,100 workdays. Forty-five of these missions were in support of the National Search and Rescue Service involving 579 workdays and resulted in 28 lives saved. The remaining 15 missions were in direct support of civil authorities and involved 269 personnel using a total of more than 1,500 State Active Duty workdays. These missions consisted of disaster relief, medical evacuation, emergency medical support and security following floods, tornadoes, forest fires and snowstorms.

The Air National Guard's Federal mission, as part of the total Air Force, is to provide units of properly equipped and trained personnel for prompt mobilization whenever called upon in time of crisis. Our units also perform designated Air Force missions during peacetime, primarily as a by-product of training.

The Air Guard is manned and ready to carry out this dual mission. It is our belief that strength through readiness is the key to success.

The readiness of our units continues to remain high despite increased taskings and conversions to new and more complex weapon systems. Military manning was over 105,000 at the end of fiscal year 1984 and is projected to approximate 108,000 at the end of fiscal year 1985 and 111,000 by the end of fiscal year 1986. The Air Guard flies more than 1,600 aircraft in a variety of demanding missions ranging from Air Defense and Tactical Fighters to Strategic Air Refueling and Strategic Airlift. We participate as full partners with the active Air Force and the Air Force Reserve in carrying out these missions assigned by our civilian leadership.

FLYING UNITS

Force Structure

Air National Guard flying units are organized into 24 wings, 67 groups, and 91 flying squadrons. Modernization of these units continues as evidenced in the fiscal year 1986 Public Announcement of force changes. We have announced the first F-15 conversion in the Air Guard at New Orleans in fiscal year 1986 with a second unit programmed in fiscal year 1987 at Dobbins, Georgia. We are getting back into the strategic airlift business with activation of our first C-5 unit at Stewart Airport, New York in fiscal year 1985 and our first C-141 unit at Jackson, Mississippi in fiscal year 1986. We will also be activating our second Air Guard F-16 unit at Kelly Air Force Base, Texas. Future programs continue these modernization efforts. However, I must emphasize two considerations when you review our modernization efforts. Future programmed conversions depend on programmed procurement rates. Modernization of the Air Force in general and the Air National Guard in particular depends heavily on your support of these procurement rates.

In fiscal year 1986, the Air Guard will continue its modernization efforts in several major mission areas. Two Tactical Fighter units (one F-4D and one F-4C) will change series to the F-4E and increase their primary aircraft authorization from 18 to 24 (one in fiscal year 1986 and the other in fiscal year 1988). Two Tactical Airlift units (one C-130A and one C-130E) will change series to the C-130H. The A-7 Combat Crew Training Unit at Tucson, Arizona will have F-16s added to its inventory, and the Boise, Idaho RF-4C Combat Crew Training Unit will increase its primary aircraft authorization from 6 to 12 aircraft. Finally, six units will upgrade their operational support aircraft by replacing their older C-131s with new C-12Fs.

As a result of our modernization efforts, Air National Guard flying units continue to make a substantial contribution to the total Air Force combat capability and will fulfill a large portion of force commitment during any future crisis. In fiscal year 1986, the Air National Guard will possess 73 percent of the total Air Force Air Defense Interceptor forces; 48 percent of Tactical Reconnaissance forces; 32 percent of Tactical Airlift forces; 25 percent of Tactical Fighter forces; 17 percent of Aerial Refueling forces; 14 percent of Rescue and Recovery forces; 15 percent of Special Operations forces; 24 percent of Tactical Air Support forces; and 2 percent of Strategic Airlift forces. In addition, 15 Air Guard flying units are tasked in Central Command (CENTCOM) plans.

The continuing emphasis on modernization and readiness has resulted in adjustments of the organization precedence ratings for all Air National guard units to equal levels with comparable Air Force units. This is in consonance with Department of Defense (DOD) policies, and places the Air National Guard on an equal footing in the DOD Logistics System with its active counterparts.

Training

Our flying units make significant contributions to the Air Force as a by-product of realistic training. We participate as full partners with other components in overseas deployments, Joint Chiefs of Staff and Air Force training exercises, and Air Guard sponsored Composite Force Training exercises.

Our overseas deployments temporarily move entire flying units to theater locations along with ground support personnel, civil engineering, tactical control, and combat communication units. Such deployments furnish the Air Guard with realistic and valuable theater specific training.

The Air National Guard has tested several deployment concepts in order to validate wartime capabilities and maximize training dollars spent. For example, we recognize that air refueling assets will be extremely limited during wartime. Therefore, we continue to use an island hopping deployment concept moving a squadron from the Continental United States to Europe without air refueling. We successfully conducted such a deployment in fiscal year 1984, when we moved 12 A-7s from Michigan to Italy without air refueling. We believe this type of deployment is extremely important considering the likelihood of limited aerial refueling during contingency operations.

In fiscal year 1984, the Strategic Air Command specifically requested support from tanker units that had been equipped with the new JT-3D engine. The improved performance capability of the reengined aircraft allows operation from shorter runways which are typical in the European theater. The reengined KC-135 can also carry (and offload during air refueling) more fuel over longer distances; in several cases, one reengined KC-135 replaced two older model tankers in refueling fighter aircraft deploying to overseas locations. I thank the Congress for their support over the last few years in providing the necessary funding to allow us to complete the KC-135 reengining program.

In the Southern Command region, the Air Guard maintains four A-7's on station at all times in defense of the Panama Canal. Our A-7's are supported by reengined Air Guard KC-135s; these reengined tankers, in addition to performing aerial refueling move personnel and equipment and free previously used C-130s for other taskings. We also maintain two Aircraft Control and Warning Radar units in defense of Puerto Rico, and we support airlift requirements throughout Central and South America with six C-130 aircraft, a mission we share with the Air Force Reserve.

In the past year, Air National Guard Tactical Airlift units provided support for 370 missions to Joint Airborne/Air Transportability Training (JA/ATT), an inter-service program for the wartime application of airlift. In this program, the various services and the Air Guard jointly develop common procedures for combat operations in order to attain and maintain wartime readiness.

The Air National Guard also supports the Army in exercises throughout the world. Joint training programs, such as at the National Training Center, Fort Irwin, California, provide joint training experience for both the Army and the Air National Guard.

To further the ANG fighting capability and familiarize our Air Guard personnel with joint operations, Composite Force Training exercises are conducted throughout the year. These exercises are sponsored and planned by Air Guard flying units, Permanent Field Training Sites, and active Air Force units. These exercises encompass all mission areas of the Air Guard and are developed for the specific purpose of providing realistic training for all participants.

As a further measure of the Air National Guard's global readiness and realistic training received, 12 Tactical Fighter and Reconnaissance units participated in 8 overseas deployments to Germany, Norway, Italy, Turkey, England and Hawaii in fiscal year 1984. Three of these deployments were joint deployments where 2 or more units deployed together. This approach has reduced airlift costs, since the units share equipment and resources. Fourteen Fighter/Reconnaissance units are scheduled to participate in 9 overseas deployments in fiscal year 1985.

Also in fiscal year 1984, two Air National Guard Air Defense units deployed to Iceland to provide air defense coverage of the North Atlantic. During the course of the 4-week deployment, Air Guard interceptors responded to 22 air defense active air scrambles and intercepted 7 Soviet Long Range Bear bombers. Air National Guard RF-4's also fly real-time special reconnaissance missions to provide intelligence of certain sensitive areas.

In recognition of the increasing importance of electronics combat, the Air National Guard has developed a long-term project to design, build, and employ low-cost electronic warfare simulators. These simple, but effective, radar transmitting devices were deployed to Air National Guard gunnery ranges throughout the United States, and were used in large-scale exercises in support of readiness training for Air Guard, U.S. Navy and Marine Corps aviators.

As a final example of our contribution to the Total Force and our nation, I recently had the honor of pinning astronaut wings on two Air Guard members. We currently have four astronauts, three of whom are Air Guard pilots and one is a weapon systems officer. The three pilots have been on Space Shuttle flights and the weapon systems officer will be on an upcoming flight. These professional airmen represent the high caliber and commitment of all of our over 105,000 Air Guard men and women. The nation can be proud of their dedication to readiness and willingness to serve as members of the modern militia. They are truly Americans at their best.

MISSION SUPPORT UNITS

Force structure

Equally important to the success of the Air National Guard mission are our mission support units. There are 244 independent units heavily concentrated in the areas of base fixed communications, combat communications, weather, tactical control, engineering installation, civil engineering, medical and air base ground defense.

Base communications flights provide fixed communications support to our flying units. These units operate and maintain the base fixed and tactical telephone systems, base communications centers, ground-to-air radios, intra-base radios, high frequency radios and base cable plants. Many of these flights also have separate, deployable elements which support Strategic Air Command, Military Airlift Command and Tactical Air Command at alternate recovery bases in the Continental United States and at collocated operating bases in Europe.

Our 51 combat communications units are equipped and staffed to support the Tactical Air Forces. They provide specific communications service to forward deployed commanders and provide restoral service to the Defense Communications System. They are also equipped to provide terminal air traffic control facilities and services. In fiscal year 1984, 15 combat communications units were tasked in Central Command (CENTCOM) plans.

A policy on allocation of new capabilities and replacement equipment has been implemented within the Air Force that will expedite the modernization of Air

Guard Combat Communications equipment. This policy requires equipping units based on their primary mission area and insures Air Guard parity with the active Air Force.

The Air Guard has 39 weather flights and one weather squadron, most of which provide weather support to Army Guard and Reserve units. We do have one weather flight tasked to support the Air Force Tactical Weather System. Weather units train with the Army units that they are tasked to support.

Our 31 tactical control units operate control and reporting centers and posts in addition to providing forward air control posts. All units have wartime taskings and quick response deployment schedules. Five units deployed to Europe in fiscal year 1984 to support exercises in Denmark, Norway, and Italy. All our units now possess the TPS-43E tactical radar.

We also have three Aircraft Control and Warning squadrons that provide around-the-clock air surveillance radar coverage capability for Hawaii and Puerto Rico. In fiscal year 1984, a fully automated Region Operational Control Center became operational in Hawaii and is operated and maintained by Air Guard personnel.

We now have two tasked units to provide equipment and personnel augmentation as part of the Joint Communications Support Element. The mission of these units is to support Joint Task Forces during contingency military operations or disaster relief and evacuation activities.

Our Engineering Installation (EI) squadrons are equipped and trained to engineer, install, relocate, remove, restore and accomplish on-site depot level maintenance on radars, antennas, cable plants, radios and teletype and communications centers. Our EI units represent the majority of the total Air Force capability for this type of work. Each year, these units accomplish a significant portion of the total Air Force EI workload.

Our Civil Engineering Flights are equipped to undertake construction, alteration and repair projects to sharpen their wartime skills as well as to complete urgently needed projects for their host base (either active Air Force or National Guard). A second Civil Engineering Red Horse Squadron (Rapid Engineering Deployment Heavy Operation Repair Squadron Engineering) has also been federally recognized.

A Prime RIBS (Readiness In Base Services) expansion and realignment program scheduled to begin in fiscal year 1986 will reduce the Air Force wartime shortfall in food services and support by over eleven hundred positions. This will increase the Air Guard contribution to the total Air Force wartime food services and support requirement from 28 percent to 35 percent.

The Medical Service of the Air National Guard supports our 91 flying units in peacetime and fulfills the medical readiness requirements of the active Air Force for wartime planning. Our Medical Service consists of 91 medical units (71 clinics and 20 hospitals) as well as 9 Aeromedical Evacuation units (7 flights and 2 squadrons). Significant personnel increases are taking place in the Aeromedical Evacuation units with additional personnel in the program for our hospitals and clinics. These increases respond to enhanced wartime mission requirements for the Air Guard Medical Service.

Like their flying unit counterparts, our mission support units contribute heavily to the total Air Force combat capability. In fiscal year 1984, the Air Guard will possess 70 percent of the Air Force combat communications forces, 60 percent of tactical weapons control, 12 percent of the weather reporting and forecasting forces, and 30 percent of the aircraft control and warning forces.

Training

I have talked about the significant contributions our flying units make as a by-product of training. Our mission support units have also made impressive training advances. In the past three years, our combat communications units have deployed approximately 1,400 personnel to Europe, Honduras, Egypt, and Korea in support of major exercises. The combat readiness of these units will be tested again in fiscal year 1985 by their participation in over 30 exercises and deployments worldwide.

Our Tactical Control units train at their home stations by participating in system-wide simulated exercises. As with combat communications, these units also play a major role in Joint Chiefs of Staff exercises. In fiscal year 1984, our five deployments to Europe were the third in a series of deployments of tactical control units and demonstrated our global readiness as well as providing the units with realistic training. Six deployments have been programmed for fiscal year 1985.

Two of our Engineering Installation (EI) units deployed to Europe in June 1984 and performed successfully under simulated wartime conditions. An Air Guard EI unit also won the fiscal year 1984 Air Force Communications Command "Shootout" competition with another Air Guard unit finishing in second place. "Shootout" is a series of competitive taskings undertaken by Air Guard and active Air Force units. Several exercises are also scheduled for Air Guard EI units in fiscal year 1985.

Our Civil Engineering units also participate in Joint Chiefs of Staff European and Pacific exercises. A steadily growing trend of National Guard involvement in joint exercises has enhanced training and the Total Force concept.

Our Prime Ribs teams have supported Air Force requirements with deployments to Air and Army National Guard and Air Force bases in the United States as well as locations in Europe, Korea and above the Arctic Circle in Alaska.

READINESS

I am proud to report that again in 1984, Air National Guard units successfully demonstrated their capability to perform their wartime mission during Operational Readiness Inspections. These inspections are conducted using realistic wartime scenarios that inject stress and require unit commanders and staff to make decisions that closely approximate what would or could be done in an actual wartime environment. The majority of Air National Guard units including Flying, Combat Communications and Ground Tactical Air Control units now deploy from their home station to Air Guard Field Training Sites and other locations for their inspections. These deployments accentuate mobility training and experience in unit operations in unfamiliar environments and have materially enhanced unit readiness and capability.

MANPOWER

The Air Guard achieved a military end strength of 105,012 in fiscal year 1984. This is the highest level ever achieved by the Air Guard. It is the sixth consecutive fiscal year that programmed end strength levels have been exceeded.

The Air Guard's fiscal year 1985 end strength program is 101,221 drill strength and 6,469 AGR (Active Guard/Reserve) for a total strength of 107,690 with an average strength of 105,438. In fiscal year 1986, we have programmed 103,590 drill strength and 7,269 AGR for a total end strength of 110,859 and an average strength of 108,700. This strength level supports approximately 99 percent of the Air Guard's projected wartime requirements.

Although the Air Guard has consistently exceeded programmed strength levels, many critical skills remain below acceptable levels. At the end of fiscal year 1984, 54 percent of our vacancies were in hard-to-fill areas such as aircraft maintenance, munitions systems, aircraft armament, and security police. Additionally, the Air Guard has projected a growth of over 15 percent by fiscal year 1990. Of this growth, 35 percent will be in such critical skills as aerial port, Red Horse (civil engineering), medical and aircraft armament. We expect to continue to meet our strength goals but anticipate a greater challenge as our program strength levels increase and the recruitable population age decreases.

The Air Guard's recruiting program uses a precision recruiting approach. This approach keynotes recruiting for existing or projected critical skill vacancies. The overall responsibility for recruiting rests with the respective State or territory. The addition of a full-time retention force has paid off, as losses again declined last year for the sixth year in a row. We continue to focus on recruiting rated officers, medical officers, minorities and women. In fact, the percentage of women and minorities in the Air Guard increased again in fiscal year 1984 for the fourth consecutive year. The continuation of recruiting and retention as co-equal programs has aided the Air Guard in meeting its end strength objectives as well as furthering our progress in reducing critical skill vacancies.

In its Total Force role, the Air National Guard is highly dependent on personnel who are competent and reliable. By recruiting a higher percentage of prior active and reserve components service personnel into the Air Guard, we retain the maturity and experience in the enlisted force and avoid the high cost of basic military training (BMT) and initial skills technical training. Since fiscal year 1980, our enlisted accessions have consistently demonstrated a 60 percent prior service and 40 percent non-prior service mix.

In April 1984, the Secretary of the Air Force established an fiscal year 1985 female accession goal of 17 percent. The Air National Guard exceeded that goal in fiscal year 1983 with 17.1 percent of accessions being female. In fiscal year 1984, 17.5 percent of all ANG accessions were women. At the end of fiscal year 1984, participation by women in the Air Guard increased to 10.8 percent of the force. It is also important to note that even during years when overall accessions were declining (i.e., fiscal year 1980–1983), the rate of female accessions into the Air Guard showed a steady increase.

In fiscal year 1984, the Air Guard exceeded its combined military technician and full-time military (AGR) end strengths. In fiscal year 1985, we expect to fully meet our full-time end strength programs which are 937 higher than fiscal year 1984 actuals. In fiscal year 1985, our full-time personnel growth was originally programmed as all AGR. However, as a result of congressional action, 50 percent of this growth was transferred from AGR to civilian technician authorizations.

Future manpower growth will contain a mix of technicians and AGR personnel. This mix will be determined based on the missions to be performed. The majority of our maintenance and support personnel are currently technicians and this type growth will be programmed as technicians in the future. Security, field training sites, ranges, detached alerts, recruiting retention and similar type programs which are military in nature will be programmed as AGR. We anticipate that our full time force will contain approximately 75 percent technicians and 25 percent AGR.

OPERATION AND MAINTENANCE BUDGET REQUIREMENTS

Operation and Maintenance funds are a key ingredient of force readiness. These funds are used to buy aviation fuel and flying hour supplies, perform depot maintenance on weapon systems and their components, maintain facilities, and pay civilians.

The following table shows the Operation and Maintenance, Air National Guard funding data for fiscal year 1984-86.

[In millions of dollars]

Budget activity	Fiscal year— 1984	Fiscal year— 1985	Fiscal year— 1986
Mission Forces	$1,291.5	$1,343.6	$1,346.2
Depot Maintenance	404.2	362.8	362.5
Other Support	105.0	122.4	121.4
Total	1,800.7	1,828.8	1,830.1

The Air National Guard Operation and Maintenance request for fiscal year 1986 increases by $1.3 million. This increase provides about 2 percent real growth over fiscal year 1985 and is required to support the Air Guard's readiness and training requirements as weapon systems modernization continues in fiscal year 1986.

Mission Forces. This budget activity funds our flying and mission support operations. The $2.6 million increase in the fiscal year 1986 budget request represents a $31.6 million increase in program and $29.0 million decrease in prices. The program growth is primarily for aviation fuel and supplies to support a growth of 10,799 flying hours as well as maintenance and supply support for the Air Guard's new strategic airlift missions at Stewart Airport, New York and Jackson, Mississippi and new tactical fighter conversions at Kelly, AFB, Texas, and New Orleans, Louisiana.

Depot Maintenance. This budget activity finances the centralized maintenance and modification of aircraft, engines, other major equipment, and exchangeable subassemblies and components that are repaired or modernized at the Air Logistics Centers. The fiscal year 1986 request is $.3 million below the fiscal year 1985 level. This decrease represents a $5.5 million decline in prices and an increase of $5.2 million in program. The increase in program consists of $22.4 million programmed for depot maintenance on C-130 and F-4D aircraft partially offset by a $17.2 million reduction from fiscal year 1985 for the one-time congressional add-on for reengining KC-135 aircraft with the JT-3D engine.

Other Support. This budget activity funds for our operational support aircraft flying operations, operating costs of the National Guard Bureau Air Directorate, Real Property Maintenance, and Base Operating Support for the eight bases at which the Air National Guard is single manager. The $1.0 million decrease for fiscal year 1986 is primarily in price growth.

SUMMARY

The Air National Guard has proven to be an integral part of the Total Force. The Air Guard exists to support U.S. foreign policy and national security objectives, while providing a State militia uniquely qualified for local disaster and public safety missions. Our responsibilities are truly global, national, and local, and each offers its own set of challenges for the future.

The Air National Guard is ready to meet these challenges. The capability of our citizen airmen to respond to the most demanding wartime missions is a matter of record. We appreciate the continuing strong support of the Congress. That support has permitted the Air National Guard to continue modernization and to make significant progress toward our goal of strength through readiness.

Mr. Chairman, this concludes my prepared statement. I will be happy to respond to any questions you may have.

Senator HUMPHREY. General Gill?

STATEMENT OF MAJ. GEN. SLOAN R. GILL, CHIEF OF AIR FORCE RESERVE, HEADQUARTERS, USAF

General GILL. Thank you, Mr. Chairman. And I would like to thank you for the opportunity to appear before the committee. I have a prepared statement for the record and I will summarize.

I am pleased to report to you, sir, that the Air Force Reserve is stronger than it has ever been. All units can be mobilized within 24 hours and can be deployed within 72. All of our flying units are combat ready with the exception of two, and they have large numbers of aircraft in scheduled depot maintenance. Our retention is the best that it has ever been. Also, our recruiting is excellent. Last year we exceeded our personnel strength floor for the seventh straight year. We have the largest build this year that the Air Force Reserve has ever experienced. We have over 4,500 build in fiscal year 1985. It is getting tougher to recruit, but we see no problem in making it.

We are continuing to modernize our force with C-5's and C-141's unit equipped into the Air Force Reserve, with F-16's, a new KC-10 associate unit at Seymour Johnson, North Carolina, and C-130H's that were also added by Congress last year.

Although most of the build in my force over this next year is in the support arena—primarily in civil engineering, medical and in aerial port—the increase in funding requirements for the Reserve O&M appropriation in fiscal year 1986 is $26.4 million, and that consists of $29 million in price growth and a minus $2.6 million in program growth. And as General Worrick mentioned, the negative program growth was caused by the fiscal year 1985 congressional add for JT3D reengining.

And, in summary, sir, the Air Force Reserve is fulfilling its peacetime role, and it is fully ready to accomplish its wartime role. And I will stand by for questions.

[The prepared statement of General Gill follows:]

PREPARED STATEMENT OF MAJ. GEN. SLOAN R. GILL, CHIEF OF AIR FORCE RESERVE, HQ USAF

Mr. Chairman and Members of the Committee: Thank you for the opportunity to submit for the record the Air Force Reserve program for fiscal year 1986.

It is with great pleasure that I report that the Air Force Reserve attained an end strength of 70,318 in fiscal year 1984, exceeding its programmed end strength of 69,880. All of our units are well-manned and well-trained. All Reserve units can be mobilized in 24 hours and deployed within 72 hours. The keys to Reserve effectiveness have been, and continue to be, modern equipment, meaningful missions, our technician and Reserve personnel and the strong support of the active force. Overall, I believe the Air Force Reserve is stronger than it has ever been.

As of January 1985, all but two of our equipped flying units were combat ready. Both of these squadrons have a large percentage of aircraft undergoing major depot level maintenance.

All six of our associate strategic airlift wings were combat ready, as were our two SAC Associate KC-10 units. In fiscal year 1986, SAC will begin operation of the third KC-10 Main Operating Base (MOB) at Seymour-Johnson AFB, North Carolina. As with the existing KC-10 units, the Air Force Reserve Associate program will provide one-half of the total aircrew force for the KC-10 at Seymour-Johnson. This year the Air Force Reserve will begin providing maintenance manpower at all KC-10 MOB's, in order to provide wartime surge flying hour capability for the KC-10 force. Each of the three KC-135 tanker squadrons remains in combat ready status and has crews standing daily alert.

The Air Force Reserve will continue to pursue modernization of its airlift and fighter forces in fiscal year 1986. This year we will continue with the conversion of our first equipped C-5 strategic airlift unit located at Kelly AFB, Texas. In fiscal year 1986, we will stay at five Primary Aircraft Authorized (PAA) C-5's while continuing to train our people. Then in fiscal year 1987, as new C-5's are procured, we will continue to build the unit to its full complement of 16 aircraft. Placing C-5's in the Air Force Reserve will reduce their peacetime flying cost and extend their service life because we will fly them less than the active force.

In fiscal year 1986, we will also establish our first C-141 equipped strategic airlift unit by converting our C-130E unit at Andrews AFB, Maryland to C-141's. The C-141 has long been the backbone of the strategic airlift fleet and we are proud to expand our mission to the equipped role. We will provide 100% of the aircrews and maintenance personnel for our equipped strategic airlift units while continuing to supply 50 percent of the aircrews and 40 percent of the maintenance personnel for the C-141's and C-5's in the associate fleet.

On the tactical airlift side, we will flesh out our only C-130H unit from six to eight PAA in July 1985 with the delivery of the two aircraft purchased for us in fiscal year 1984. The fiscal year 1985 procurement of eight additional C-130Hs will allow us to retire eight of our older C-130A models. The remaining 48 aircraft will average 28 years of age and are programmed to remain in the inventory until the mid 1990's when they are to be replaced by C-141's and newer C-130's displaced from the active duty inventory by the purchase of C-17's. This is a workable plan, but is obviously contingent upon timely procurement of the C-17. If the program is delayed, it will be very expensive, if not impossible, to maintain these 1950s technology C-130's. To preclude this from happening, I urge Congress to fully support the C-17 to eliminate existing airlift shortfalls and provide replacements for our A model C-130's.

Our fighter force remains constant in fiscal year 1986 with 216 PAA. The F-16 and A-10 help to keep the average age of our fighter/attack force down, but the F-4D is still the mainstay of our force. As a result of congressional interest and appropriation action last year, we will be able to increase the combat capability of these forces with the installation of low smoke engines and off-boresight AIM-9 missile capability. However, as with the C-130 fleet, our continued modernization depends on the procurement rates of new aircraft. Any cutbacks in F-16 and F-15 procurement levels will dictate that some of our F-4D aircraft remain in our inventory even longer than the currently programmed early 1990's. Our concern is that a gradual extension of force life does not allow proper lead time for required modifications to the F-4 and early model F-16 forces to keep them viable against the threat of the late 1980's and early 1990's. I urge Congress to support the goals and concepts of the Tactical Fighter Roadmap.

Our high level state of readiness can be attributed to our Military Technician program. Military Technicians (MTs), also referred to as Air Reserve Technicians (ARTs), perform a unique role in our total military force. They are full-time employees of the Air Force Reserve who provide day-to-day management of and training support for Selected Reserve units. As a condition of employment, MTs are required to meet both civil service and military hiring criteria and must maintain active Reserve status in the Selected Reserve. This dual aspect of civil service employee and active status Reservist is designed to attract and retain highly-qualified individuals to the military technician program; to improve the mobilization readiness of Selected Reserve units by insuring continuity of service prior to, during, and after mobilization; and to guarantee the presence of these employees during an emergency. Because of the present mandatory separation and discharge provisions of sections 8848 and 8851, Title 10 USC, there are instances in which senior Reserve MTs are required to terminate their active status in the Reserve, even though they have not yet qualified for civil service retirement. Even though these persons are eligible for continued civil service employment, they are not eligible to be employed as Reserve technicians because they cannot meet the employment condition of active status in the Reserve. This condition presents a serious detriment to the Reserve program in that MTs who are separated from their military assignments, or who cease to hold the military grade specified for the position, must be continued indefinitely in the civil service position as "status quo". Those affected are not eligible to mobilize with their unit of assignment, yet they continue to encumber the full-time administration/training position.

In a conscientious effort to remedy the Air Force Reserve "status quo" problem, two actions involving proposed changes to legislatior found in Title 5 and Title 10 USC have been initiated. Proposed changes to Sections 8335 and 8336, Title 5 USC, will permit the separation of "status quo" technicians as soon as they become eligible for an immediate retirement annuity. To assure MTs who lose their military status prior to attaining minimum age and service requirements for an immediate civil service annuity are maintained as military mobilization assets, a counterpart legislative proposal to Sections 8848 and 8851, Title 10 USC, was necessary. The proposed amendment to Title 10 will allow the Service Secretary to extend Reserve officer MTs to age 60, if necessary, so they remain as active military members until they reach civil service retirement eligibility. The proposed amendments to existing legislation in both Title 5 and Title 10 will provide a combat ready technician force and at the same time offer fair and equitable treatment to the technician regarding tenure in his/her civil service capacity. We were able to secure congressional authority in the fiscal year 1985 DOD Continuing Resolution Authority (CRA) Appropriations Act, Public Law 98-473, to retain USAFR officer Military Technicians in an active status until age 60. However, this authority is temporary (30 September 1985) and permanent legislation will be pursued during the first session of the 99th Congress.

As Reservists train, they support requirements that would otherwise have to be fulfilled by active force resources. For example, in FY 1984, Reserve crews of equipped units airlifted 11,998 tons of cargo, flew 96,631 passengers and air dropped more than 37,000 troops as part of their normal training missions. Additionally, Air Force Reserve associate C-141 and C-5 units flew more than 82,000 hours, and our associate aeromedical evacuation units flew 2,436 missions, airlifting more than 80,000 patients. In an operation which began in 1977, we continue to share rotational duty in Panama with the Air National Guard in support of United States Southern Command. We provide six C-130 aircraft and seven crews 6 months each year.

Our Special Operations Reservists continue to provide outstanding rescue support for launches of the Space Shuttle mission at Cape Canaveral, Florida. For the ninth consecutive year, our weather reconnaissance group flying out of Kessler AFB, Mississippi, accomplished more than 70 percent of all hurricane missions in the Gulf of Mexico, the Atlantic and the Caribbean; last year we tracked 8 hurricanes/storms. Additionally, the unit assisted the Guam based active weather unit in tracking three separate storms in the Hawaiian Island area.

In fiscal year 1984, Air Force Reserve rescue and recovery units flew 56 search and rescue missions and were officially credited with saving 26 lives. During this same period, the Civil Air Patrol (CAP) flew 1,978 search and rescue missions accounting for 151 lives saved. The Air Force Reserve continued to provide valuable assistance and advice for CAP activities such as cadet encampments, aerospace education workshops, and a wide variety of other special activities, such as disaster exercises.

A Reserve Military Training Squadron was established in 1983. This unit, at Lackland AFB, Texas provides military training instructors to support the basic training surge during mobilization. Also in fiscal year 1984, the 46th Tactical Fighter Training Squadron (TFTS) was formed at Barksdale AFB, Louisiana. This unit performs pilot upgrade training in A-10 aircraft for the Air Force Reserve and the Air National Guard.

Only through our people's dedication to the role of citizen-airman and the support they receive from their families, their communities and the active Air Force can we accomplish our primary mission of training for mobilization. Our reservists' talent, personal sacrifice and dedication to mission accomplishment were again proven during the many JCS and MAJCOM exercises and deployments such as Ocean Venture 84 and Reforger 84.

In the area of combat support and mission support activities, there are more than 400 Air Force Reserve support units. Many of these units, as part of their training activities, make significant peacetime contributions which assist in keeping the peacetime expenditure of the Total Force to a minimum. The Air Force Reserve provides 64 percent of the aeromedical evacuation units and 25 percent of the Air

Forces' Tactical Hospitals and Clinics. Currently, Reservists contribute almost 60 percent of the aircraft battle damage repair capability with personnel in six Air Force Logistics Command gained Combat Logistics Support Squadrons. Also, the Air Force Reserve provides approximately 20 percent of the Air Force civil engineering force and equipment and 50 percent of the Aerial Port Squadrons. The majority of our combat support programmed build from fiscal year 1985 to fiscal year 1986 is in the Civil Engineering force.

The Operation and Maintenance, Air Force Reserve appropriation provides for the day-to-day operating expenses of Reserve bases and units including the pay of civilian personnel, aviation and ground fuels, depot maintenance, real property maintenance, supplies and other expenses required to carry out the Reserve mission. This appropriation increases in fiscal year 1986 by $26.4 million of which $29.0 million is price growth and −$2.6 million is program growth. If the fiscal year 1985 congressional adds for JT3D reengining (+$56.0 million) and F-4 upgrade (+$1.0 million) are taken into account, the real program growth in fiscal year 1986 is $54.4 million. Requested program increases are the result of a full year's operation of the C-5 aircraft conversion that occurred in fiscal year 1985 plus additional units and mission changes to enhance readiness and wartime capability. The increases in fiscal year 1986 occur in C-5 Strategic Airlift (+$19.7 million), KC-10 Tanker Cargo (+$11.4 million), A-10 Tactical Fighters (+$3.1 million), F-4 Tactical Fighters (+$2.6 million), C-141 Strategic Airlift (+$2.0 million), F-16 Tactical Fighters (+$1.2 million) and Civil Engineer, Aerial Port, Combat Logistics Support, Aeromedical Evacuation and Medical Service Units (+$3.0 million). Depot Maintenance program growth (+$8.3 million) is related to the addition of more modern, sophisticated aircraft to the Air Force Reserve inventory and increased structural repairs on the aging C-130 fleet. Increased base operating support and real property maintenance requirements support the more modern aircraft inventory and the continued expansion of the Air Force Reserve (+$2.8 million). These increases are offset by the one-time fiscal year 1985 program costs to reengine KC-135 aircraft with JT3D engines and to modify F-4D Aircraft with low-smoke engines and AIM-9 off-boresight capability (−$57.0 million).

In addition to our unit program, the Air Force has a successful program to provide trained Individual Mobilization Augmentees (IMA's) to active force units upon mobilization. IMAs are members of the Selected Reserve and are assigned to specific positions established in active force organizations and are trained and supervised by the active force. IMA requirements are identified by grade and skill as part of the annual wartime manpower planning process of the Air Force.

Reservists assigned to IMA positions are fully qualified in their Air Force specialties. As a result, these Reservists in fields as diverse as medical, legal, research engineering, maintenance and intelligence are able to assist with the day-to-day mission of their organizations while they are on inactive duty and active duty training periods. For example, some of the physicians performing physical examinations or prescribing medication on a typical Air Force base are IMAs performing their monthly or annual training. As another example, IMAs in the intelligence field are producing standardized critical area intelligence summaries for postulated missions into selected countries. These summaries cover data on geography, population, weather, military capability, and lines of communication. In addition, intelligence IMAs support the Airborne Warning and Control System by analyzing electronic countermeasure systems employed against the E-3A Sentry aircraft.

We have attained 97 percent of our fiscal year 1985 programmed strength of 11,973 IMA's in Pay Groups A, B and D. Category A reservists are authorized 48 inactive duty training periods per year plus a 15-day active duty tour. Category B reservists are authorized 24 inactive duty training periods per year, plus a 12-14 day active duty tour while Category D reservists are authorized a 14-day active duty tour. For fiscal year 1986, we are requesting an IMA strength of 11,899. The total Air Force requirement for approximately 19,532 wartime IMA positions is indicative of the importance attached to this program. For the past few years, we have been working toward increased manning of these positions consistent with our ability to fund the program. Requests from the active force for IMAs to fill approved wartime manning positions always far exceed the funds available to do so.

I mentioned earlier the very favorable manning posture the Air Force Reserve has achieved and maintained. We started fiscal year 1984 with 67,227 people and ended the year with an on-board strength of 70,318, a net increase of 3,091 people. We have maintained the quality of our force as evidenced by the fact that 97 percent of all non-prior service enlistees were high school graduates or equivalent. Our unit commanders and supervisors at all levels continue to take an active recruiting role. With their enthusiasm and hard work, combined with the excellent performance of our recruiting force, and a continued command emphasis on retention, we fully expect to meet our fiscal year 1985 programmed end strengths.

As in the past years, the recruitment and retention of qualified personnel in critical skill areas continues to be difficult. It is in these areas that we concentrate our incentive program to better recognize the economic realities of recruiting and retaining highly skilled personnel. The programs authorized by Congress for this purpose will allow the USAFR to improve operational efficiency and have a positive effect on recruiting and retention. With these resources, we will be able to attract and retain personnel in the critical skills we require.

In summary, while the war-fighting and readiness role of the Air Force Reserve continues to be an important element within the Total Force, we will continue to modernize our equipment, refine and improve our mobilization procedures, and recruit, train and retain the people needed to assure we are able and ready to fight at any time.

Before closing, I want to express my appreciation for the interest shown by this committee in the availability of readiness equipment for our Reserve forces. Equally important to our Reserve men and women is the message it conveys of the support of Congress for their dedication and efforts.

This concludes my statement, Mr. Chairman. I will be glad to respond to questions.

TABLE I.—DEPARTMENT OF THE AIR FORCE—AIR FORCE RESERVE PERSONNEL

	Fiscal year 1984 (actual)		Fiscal year 1985		Fiscal year 1986		Fiscal year 1987	
	End	Average	End	Average	End	Average	End	Average
Flying units	34,505	33,477	35,951	34,960	37,382	36,435	38,476	37,443
Mission support units	22,378	21,041	24,305	23,757	25,687	25,280	27,586	26,787
Individuals	11,633	11,523	11,973	11,738	11,899	11,614	12,449	11,966
Statutory tours	200	192	289	289	304	301	310	310
Recruiters	289	282	314	314	331	328	359	352
Non-prior-service enlisted program	1,136	1,163	1,625	1,470	1,425	1,270	1,425	1,270
Non-prior-service enlisted personnel awaiting training with pay	177	224	372	372	372	372	372	372
Total, Selected Reserve	70,318	67,902	74,829	72,900	77,400	75,600	80,977	78,500

TABLE II.—DEPARTMENT OF THE AIR FORCE—AIR FORCE RESERVE FORCE STRUCTURE, FLYING UNITS

	End of fiscal year—		
	1984	1985	1986
Equipped units:			
C-5 strategic airlift	0	1	1
C-141 strategic airlift	0	0	1
C-130 tactical airlift [1]	15	15	14
Aerospace rescue and recovery	4	3	3
WC-130 air weather service	1	1	1
CH-3E special operations force	1	1	1
AC-130 special operations force	1	1	1
KC-135 strategic refueling tanker	3	3	3
F-4 tactical fighter	5	5	5
F-16 tactical fighter	1	1	1
A-10 tactical fighter	5	5	5
Total equipped units	36	36	36
Associate units:			
C-141 strategic airlift	13	13	13
C-5 strategic airlift	4	4	4
C-9 aeromedical evacuation	1	1	1
KC-10A tanker cargo	2	2	3

TABLE II.—DEPARTMENT OF THE AIR FORCE—AIR FORCE RESERVE FORCE STRUCTURE, FLYING UNITS—Continued

	End of fiscal year—		
	1984	1985	1986
Total associate units	20	20	21
Total units [2]	56	56	57

[1] Includes an aerial spray detachment of three UC-123K aircraft.

[2] These units also include over 250 support units such as Consolidated Aircraft Maintenance Squadrons, Weapons Systems Security Flights, Mobility Support Flights, etc.

TABLE III.—DEPARTMENT OF THE AIR FORCE—AIR FORCE RESERVE FORCE STRUCTURE, MISSION SUPPORT UNITS

	End of fiscal year		
	1984	1985	1986
Combat logistics support squadrons	6	6	6
Aeromedical evacuation units	21	21	21
Medical service units/contingency hospitals	17	18	18
Aerial port squadrons	62	66	67
Civil engineering squadrons/flight	42	46	53
Civil engineering squadrons (heavy repair)	1	1	1
Communications security squadrons	2	2	2
Basic military training squadron	1	1	1
Numbered air forces (Reserve)	3	3	3
Total	155	164	172

Senator HUMPHREY. Where are your budget numbers, General Gill? On what page of your prepared statement?

General GILL. They are on page 5, sir. It talks about the increase in fiscal year 1986, and really starting at the top it goes into all of the details on the JT3D reengining and then C-5 aircraft conversion.

Do you have that? I will see that you have it if you do not have it.

Most of our increases in budget go with the aircraft, the C-5 conversion being the largest and the KC-10 associate at Seymour Johnson.

Senator HUMPHREY. General Conaway, your O&M budget is flat, 1985 to 1986.

General CONAWAY. That is correct, sir.

Senator HUMPHREY. What are the implications of that?

General CONAWAY. We are basically fully funded for what we need. We have about a 2.1-percent growth in O&M, but a price adjustment has taken $37.1 million out, and then there is program growth of $38.4 million. Part of the implications of it are that we have already taken the civilian pay reduction, the proposed 5 percent or $27.7 million, $8.9 million in fuel rates and an industrial fund rate change of $16.6 million. So, those show us fairly flat in fiscal year 1986. The civilian pay reduction, 5 percent, obviously, that one is going to hurt us. We would not want to absorb that because our program is very tight. We have increases in depot maintenance of $22.4 million and some other force structure changes in there as well.

Senator HUMPHREY. You probably have a greater proportion of civilians to military, do you not?

General CONAWAY. Yes; we do.

Senator HUMPHREY. Than the Air Force in general?

General CONAWAY. I think percentagewise that is correct. With our fulltime force around 28,000 to 29,000 personnel, and about 23,000 of those military technicians and about 6,000 full-time military support, you are correct.

Senator HUMPHREY. All right. I apologize for not having sufficient time for this, but the chairman of the full committee scheduled another important hearing this morning, and all of us are working toward nearby deadlines, and that is the way it is.

Thank you very much. We appreciate your patience and your willingness to be cycled around so that I could accommodate Senator Dixon.

Thank you very much.

General CONAWAY. Thank you.

General GILL. Thank you, sir.

Senator HUMPHREY. The hearing is now adjourned.

Whereupon, at 11:55 a.m., the hearing was adjourned.]

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